The newspaper of drug store retailing

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June 24, 1991

# DRUG STORE NEWS®

SECOND CLASS

Vol. 13 No. 12

A Lebhar-Friedman publication

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## Gallup '91

EXCLUSIVE REPORT

# Fragrances, lotions offer smooth sale-ing for drug store growth

The newspaper of drug store retailing June 24, 1991

# DRUG STORE NEWS®

Vol. 13 No. 12 A Lebhar-Friedman publication

## LATE NEWS

**•TWINSBURG, Ohio — Revco D.S. and parent Anac Holding filed plans of reorganization with U.S. Bankruptcy Court June 7, heralding a possible end to nearly three years of Chapter 11 protection. The plan calls for suppliers, banks and bondholders to swap all claims against Revco for a combination of cash, new debt and substantial equity in the company.**

## FEATURES

### Core GM packs sales wallop

**General merchandise takes the stage as the best supporting actor in drama of drug chain retailing. Page 71.**

### Snyder finds the right Balance

**Snyder Drug hits the right balance with its new tabloid-size newspaper filled with health information. Page 28.**

SECOND CLASS

# Lasseter exits, Beattie Super D ceo

**By Susan Ball**

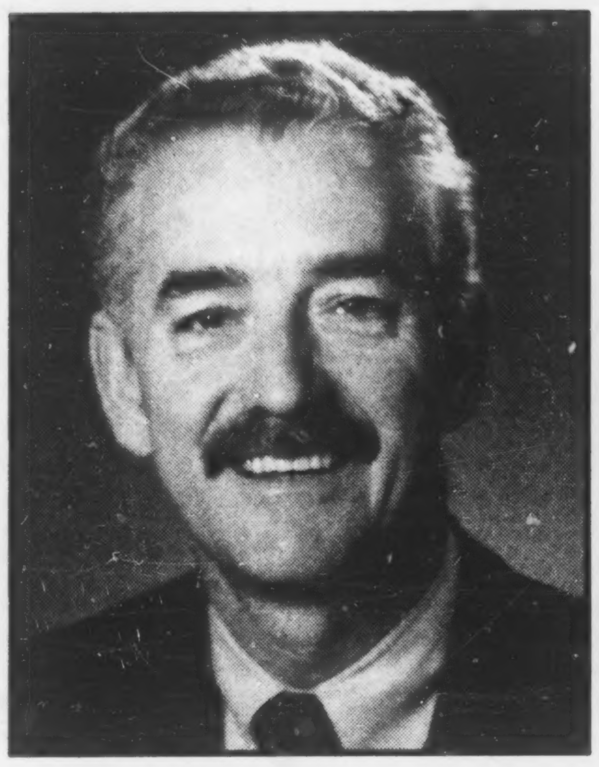
MEMPHIS — Don Lasseter has left Super D Drugs, where he was chairman and ceo, and Henry Beattie, formerly cfo, has been named to replace him as ceo, Super D has confirmed.

Jerry Treece, president of the 127-store chain, will also serve as chief operating officer, he said in confirming that Lasseter left Super D in May to pursue other interests. Lasseter could not be reached.

Lasseter, a pharmacist, spearheaded a buyout of Super D's stores from grocery wholesaler Malone & Hyde in 1988. At a store reopening a few months after the buyout, Lasseter said Super D would pursue a three-pronged growth thrust: expanding its franchising program, pursuing company-store growth and expanding Ike's, its deep-discount arm.

The chain currently operates 127 stores, of which 114 are Super Ds, about four are Ike's and the remainder are Petty's Apothecary stores. The company ranked 27th in 1990 dollar volume among the top 50 drug chains listed in *Drug Store News'* May 6 issue, *Annual Report Part II*, with 1990 drug store sales of approximately $180 million. It was ranked 23rd in store count for 1990.

In the fall of 1989, Treece, a longtime Walgreens executive, was named president of Super D, a position Lasseter had held in addition to being chairman and ceo. At the time, Lasseter said he had "actively recruited" Treece and praised him as an experienced operations and merchandising person who could help build the front end of the stores, which had traditionally been less emphasized than pharmacy at the pharmacist-dominated chain.

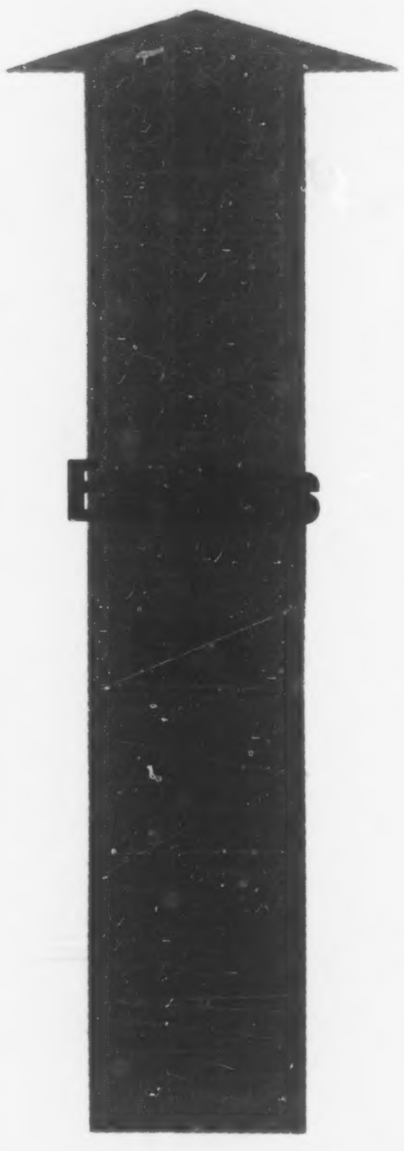


**Treece**

**Lasseter**

Lasseter also said the appointment would free him up for other duties. "I'll be more involved in running the company, in setting strategies and concepts," he said at the time.

## *Two chains in turnaround*



### Perry hits record second qtr. net

PONTIAC, Mich. — In a convincing demonstration that its rebound is for real, Perry Drug Stores reported the highest second-quarter net earnings in the company's history for the period ended April 30. The gain sustains an earnings upswing for the nation's 16th-largest drug chain following a $6.2 million loss in fiscal 1990.

Perry earned $1.1 million in the second quarter, a gain of 82 percent over the same period a year earlier.

Net income for the first six months was $2.6 million, compared with a loss of $3.2 million for the first half of 1990.

"We indicated in the first quarter that we were encouraged by results," said Perry chairman and ceo Jack Robinson. "Based on the second-quarter

*See* **Perry** *page 8*

### Big B buoyed by profit hike

BESSEMER, Ala. — Buoyed by its second consecutive quarter of strong earnings following a loss in fiscal 1991, Big B announced the reinstatement of its 4-cent quarterly dividend at the company's annual meeting May 28.

The decision to restore the dividend was based on two strong quarters of sales and profits as well as a positive outlook for the remainder of the year, according to company president Anthony Bruno.

Net profits in the first quarter ended May 11 rose sharply to $1.9 million compared with earnings of $395,000 for the same period last year, Bruno told shareholders. Sales were up 8 percent for the period to $132.7 million, he said, despite the closing of six underperforming stores during the quarter.

*See* **Big B** *page 8*

# *Bay area drug competition gets white-hot*

**By James Frederick**

*First of a two-part series*

COLMA, Calif. — Hanging over the densely stacked aisles of the Drug Barn store in this suburb south of San Francisco is a fitting symbol of the new era in Northern California retailing. It is a huge overhead banner proclaiming everyday discounts of up to 50 percent.

Across the San Francisco Bay in suburban Walnut Creek, the Longs drug store closest to headquarters has taken a similar tack. The "Cadillac of drug stores" is now sprinkled throughout with shelf tags that shout low prices and unadvertised specials.

The signs that fill the market's first deep-discount drug store and its best-established chain drug stores used to be an anomaly in the once-quiet, well-defined world of Bay Area drug store retailing. Now, with their clarion call to lower prices, they symbolize all that has happened in this massive population center, and all the changes that are still to come.

Northern California drug retailing is quickly evolving from a state of friendly rivalry into a furious battle for turf. Traditional pricing patterns and traditionally high gross margins are under assault as never before.

Caught in the middle, as usual, are the handful of independents that remain here, and any retailers still sleeping at the wheel. Those that can't adapt quickly--with technology, lower operating costs, better dealmaking abilities, lower prices and real customer service--aren't likely to make it through the gauntlet of the 1990s.

Two major forces are scrambling consumer loyalties and retail strategies here. One is the rapid influx of new drug, combo and discount stores; the other is an economic slowdown that forced consumers into retrenchment and curtailed bank lending for new retail development.

"This is the first time in my 30-year career that I've had to

*See* **Competition** *page 8*

# NEWS IN BRIEF

## Medis signs letter of intent with SCOA

MONTREAL — Medis Health and Pharmaceutical Services, a McKesson company based here, has signed a letter of intent with SCOA S.A., an international conglomerate, to negotiate a merger of the Quebec operations of Groupe Pharmaceutique Focus and Medis.

Medis is Canada's leading pharmaceutical distributor, with annual sales of about $1.3 billion.

Focus, via its Distribution Pharmacies Universelles subsidiary, distributes pharmaceuticals in Quebec and has annual sales of about $283 million.

## Moore Medical reports record sales

NEW BRITAIN, Conn. — Moore Medical Corp. announced record sales of $84.3 million for the first quarter of 1991, a 13 percent increase over the prior-year period.

Net income for the quarter was $257,000, versus $168,000 in the comparable period last year. Income from continuing operations declined to $162,000 from $398,000.

"Low gross margins on brand-name pharmaceuticals have depressed operating margins, resulting in a drop in income from continuing operations compared with the first quarter of last year," explained Mark E. Karp, president and chief executive officer.

## Perry: ethnic HBA retailer of year

L to r: Eric Johnson, president, Johnson Products; David Schwartz, president, Perry Drug Stores; Jory Luster, president, Luster Products.

PONTIAC, Mich. — Perry Drug Stores has been named the American Health and Beauty Aids Institute's 1991 Retailer of the Year.

Perry Drug was cited for "its numerous contributions and strong commitment" to ethnic health and beauty aids marketing and merchandising.

The award was presented at AHBAI's Mid-Year Business Conference in Hilton Head, S.C. earlier this month. Perry president and chief operating officer Dave Schwartz and group vp-merchandising Steve Lund accepted.

Perry also recently received Chattem Consumer Products' Pyramid Award, and was cited by the Detroit City Council for its Doo-It-Up annual hair styling arts competition for Detroit high school students.

## Phar-Mor seeks ad agency proposals

YOUNGSTOWN, Ohio — Phar-Mor is mulling an overhaul of its advertising strategy, and is shopping for proposals from ad agencies after a six-year relationship with its current agency, Ketchum Communications. Ketchum has been invited to participate in the bidding.

"We've been with the same agency since 1985, and we're just seeing what's out there at this point," said a Phar-Mor spokesman.

"We are encouraged by progress during the past few months toward the sale of West-ward, our manufacturing subsidiary."

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# Europeans get another one: Quintessence to Benckiser

**SPECIAL REPORT**

CHICAGO — European companies have begun to invest in American beauty care businesses, raising such questions as how serious they are about beauty care and what they're willing to invest to build mass market business.

At press time, the German company Joh. A. Benckiser GmbH was in the process of completing its acquisition of the $100 million Quintessence Holdings, based here.

Reports were circulating that three of Quintessence's top executives will soon leave the company: chairman Barry Shipp; president Joseph Aramanda, and senior vp-corporate sales John Small.

Victor Zast, formerly senior corporate vp-marketing, will become vp-marketing, and Sean Greene, former vp and general sales manager-Jovan, will become vp-sales, speculate sources familiar with the company. They also say that Mort May will remain as vp-finance. All three men will probably report to Dr. Thomas Bonoma, Ph.D., who is president of Benckiser's Consumer Products Division in Greenwich, Conn.

Benckiser has been artfully described as the P&G of Germany, and its acquisition of Quintessence in some ways resembles P&G's recent acquisitions here, most recently Max Factor, which has a strong presence in overseas markets, and its earlier takeover of Noxell, parent of Cover Girl, Clarion and Navy.

The overriding question is will Benckiser do for Quintessence what P&G has been doing for Cover Girl: give it the corporate support to stand out in its categories.

Or will it do what Unilever has been doing to Prince Matchabelli recently: cut back on advertising mass brands in order to spend more heavily on department store brands.

A source for Benckiser said it is still "too soon to talk about plans and future strategies, including any possible moves or management changes."

However, Allan Mottus, an industry consultant, points out that European companies have a strong history of investing in their brands.

Besides Unilever's investments in its department store brands, he notes L'Oreal's huge investments in skin care; Beiersdorf's investments in skin and sun; Colonia's investments in its department store lines and growing interest in mass market brands; the Japanese conglomerate KAO Corp's commitment to Jergens; and, most recently, Tsumura International's investments in its American brands in mass and department stores, including the Sante Fe and Pierre Cardin fragrances just acquired from P&G.

Benckiser does seem to have what one source familiar with the company called "deep pockets."

Benckiser owns many No. 1 brands—following steady and aggressive acquisitions.

Although Benckiser has not released its purchase price for Quintessence, the transaction was reportedly made without the help of investment bankers, suggesting that the $2.2 billion conglomerate with 70 subsidiaries in 30 countries does have the cash it takes to investment spend.

Benckiser seems to be serious about wanting to become a worldwide force in the cosmetics/fragrances category. Although Benckiser, like P&G, is primarily known as a household products company, Mottus says its cosmetics and fragrance brands do well overseas. "They own the cosmetics market in Germany, and are strong in Spain, Italy and South America. Joop! is one of the hottest brands in Germany right now," he said.

"And remember, the United States represents about one-third of the worldwide market in cosmetics, so a company has to have a very strong U.S. presence or they won't be as strong worldwide as they could be."

Just prior to the Quintes-

*Continued on page 8*

# McKesson/Wal-Mart linked by EDI

SAN FRANCISCO — McKesson Drug announced that its electronic data interchange (EDI) link with Wal-Mart Stores has been completed.

McKesson now transmits all billing statements electronically directly to Wal-Mart, computer to computer, the wholesaler said. Wal-Mart selected McKesson as its prime vendor for prescription drugs and selected HBA in August 1989.

"EDI is the method of the future, as we strive to reach a paperless society," said John Meyer, Wal-Mart's senior pharmaceutical buyer. "It saves time, manpower and paper and reduces human error."

McKesson said it is working with Wal-Mart on additional EDI enhancements.

Tom Simone, who was named McKesson Drug's new president in February, said the number of Wal-Mart stores with pharmacies that McKesson serves has grown from 850 to 1,141 over the past 20 months. Of the approximately 300 additional stores, about half are new units and half are existing Wal-Mart stores that have added prescription departments, Simone said.

McKesson also handles bulk sales of pharmaceuticals to Wal-Mart's distribution centers, and all 1,141 stores use Economost, McKesson's electronic order-entry system, he added.

# NACDS' Ziegler honored by RDI on June 15 in San Diego

ALEXANDRIA, Va. — Ronald L. Ziegler, president and ceo of the National Association of Chain Drug Stores, is to be honored June 15 as 1991 Man of the Year by the Retail Drug Institute (RDI) of the Arnold & Marie Schwartz College of Pharmacy and Health Sciences of Long Island University.

Proceeds from the dinner, scheduled to be held at the Marriott Hotel & Marina in San Diego during NACDS Marketplace, will help establish a fund to endow an NACDS-Richard L. Cohen professorship in pharmacy administration at Schwartz.

Richard Cohen, who was the son-in-law of Stewart Turley, chairman and president of Jack Eckerd Corp., died in an automobile accident in 1989, leaving his wife, Carol Turley Cohen, and a son, Seth, now 3½ years old. Cohen grew up in Brooklyn and Queens, N.Y., and attended New York State University at Buffalo. He was a film producer and director and a member of the Directors Guild.

RDI is an academic and service unit of the pharmacy college that offers scholarships and certificate and continuing education programs toward preparation of students and practitioners for entrepreneurial and management roles in retail pharmacy practice areas.

### Cover credits

*Cover photos for this and the June 10, 1991 DrSN Gallup Report issues: Photographer: Stan Fellerman; model: Tracey Morton; makeup: Lauren Cole*

# Another big pitfall of mandatory Pharm.D

NACDS is waging a strong and laudable campaign to block an effort to require the six-year Pharm.D as the entry-level degree for pharmacy practice. The association has assembled some clear, and in my opinion, irrefutable arguments in making its case. The most persuasive: the severe impact that a mandatory six-year degree would have on the already difficult pharmacist shortage.

**IN THE MARKET**
**BRUCE BUCKLEY**

In its latest Executive Newsletter, NACDS weighs in with another telling point: the effect that a six-year requirement will have on women, minorities and the poor. Retaining the five-year degree, the association says, offers the best opportunity for members of these groups to enter a rewarding profession.

The association cites statistics showing that pharmacy has become an increasingly attractive choice for groups that, on the whole, have long had fewer career options and less chance for advancement. Women, for example, now comprise almost 62 percent of the students enrolled in the nation's pharmacy schools. Minority group members (including African Americans, Hispanics, Native Americans and Asian Americans) make up almost 20 percent of pharmacy school enrollment.

A mandatory six-year degree, with its higher educational costs, will put a damper on the growing enthusiasm of these groups for careers in pharmacy, says the association. A big loser, of course, would be retail pharmacy, the largest employer by far of the country's pharmacists.

* * *

The recent brouhaha over market share figures in the Greater Detroit area points up the difficulty that outside research firms have in assembling an accurate picture of the relative standing of retail companies in individual markets.

It also demonstrates how sensitive retailers are to reported numbers. When Metro Market Studies showed that Arbor Drugs had overtaken Perry in metro Detroit, Perry execs saw red. They quickly released sales figures for the seven-county market which they said put Perry three points ahead of its nearest drug store competitor, which, of course, is Arbor.

Two observations on the Detroit flap. First, *Drug Store News* has occasionally used Metro Market Studies as a market share source for various articles because it is the only objective outside firm we're aware of that publishes these figures. We do, however, examine the numbers closely in the light of our own knowledge of these markets.

Second, the fierce rivalry for market share in Detroit makes better retailers of all the players there. The beneficiary is the consuming public.

* * *

What a conversion! I've become a "voice mail" fan. I used to hate those recorded messages when I dialed business offices. Couldn't they get a real person to answer the phone? Often I just hung up.

Now *Drug Store News* has a new phone system that includes a voice-mail feature, and I have to report: It's great. No more lost messages buried under a ton of press releases. No more messages delivered two days after the call ("Sorry, I forgot.")

Now I'm getting my messages on time and returning calls immediately (Try me: my new direct number is 212-756-5227. I'd like to hear from you).

A complete list of *Drug Store News* direct lines is on page 1. I hope the change will improve our service to you, our readers and customers.

# Committee raises hackles with FDA picture

A little more than a year ago, the Food and Drug Administration hit rock bottom.

Repeated funding cuts by Administration penny pinchers had eroded the agency's enforcement muscle, while the deepening generic drug approval scandals sapped FDA's will and destroyed staff morale.

Health and Human Services Secretary Louis Sullivan appointed ex-FDA Commissioner Charles Edwards to head a blue-ribbon advisory panel to study the agency's problems and recommend solutions.

**WASHINGTON PERSPECTIVE**
**KEN RANKIN**

No big deal. Here in Washington they form special advisory panels every ten minutes or so. Bureaucrats and politicians love these study groups because they're a way to delay painful but inevitable change.

In the case of the Edwards Committee, however, the Washington bigwigs got more than they bargained for. Indeed, ears are burning all over town.

The picture of FDA painted by the study group is of an agency literally stretched to the breaking point—a regulatory body that is "not prepared to cope" with the responsibilities assigned to it.

There's more than enough blame to spread around, according to the report.

The Administration deserves much of it for lobotomizing FDA's rulemaking authority and submerging the agency into a bureaucratic Bermuda Triangle within the Public Health Service.

Congress deserves its share, and then some, for heaping new responsibilities on FDA without appropriating funds to properly carry out those duties.

Militant special interest groups ranging from true-believers in the animal rights movement to shrill-voiced AIDS activists have made an almost impossible job even more difficult for FDA.

State legislators from Maine to Maui have tried to undercut FDA's authority over foods and drugs by designing their own conflicting regulatory standards.

Even us in the (gasp!) news media contributed to the agency's internal paranoia by subjecting day-to-day decisions by FDA officials to intense scrutiny.

In short, it's a wonderful report packed with conclusions and recommendations certain to infuriate just about every possible side.

The solutions recommended by the committee, however, may be even more controversial.

HHS Secretary Sullivan—the guy who called for the study in the first place—is less than thrilled with the panel's proposal to slash his Department's authority over FDA.

House Energy and Commerce Committee Chairman John Dingell (D-MI)—the person who stirred up the generic drug hornets nest in the first place—is livid over criticism about Congressional micro-managing of the agency.

The army of self-appointed "consumer advocates" and special interest radicals who roast FDA at every opportunity are furious that some of the heat has been turned in their direction.

The wine and quiche crowd in Sacramento is having fits over suggestions that FDA should veto their plans to concoct their own politically correct labeling requirements for drugs and cosmetics.

I love it!

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# Record gains in 3rd qtr. continue at Arbor Drugs

TROY, Mich. — Arbor Drugs maintained its strong growth momentum with a 22.6 percent jump in net income and a 22.2 percent sales increase for the third quarter ended April 30.

Net earnings for the period hit a record $2.8 million on sales of $101.2 million. Same-store sales were up a sharp 10.5 percent.

For the first nine months, net has increased 15 percent to $9.6 million and sales have climbed 19.4 percent to $301.4 million, with same-store sales up 10.0 percent.

Arbor chairman and ceo Eugene Applebaum attributed the sharp gains—which have become standard for the 112-store chain—to excellent sales growth, expense disciplines and continued success in new-store expansion. "Over the past 12 months, the company has added 20 new drug stores, and we are enthused by their performance," he said. "The proceeds from [Arbor's recent additional] stock offering will further enable the company to expand its existing base of stores."

Applebaum added that Arbor's double-digit comparable-store gains "demonstrate the fundamental strength of our base business."

Arbor recently declared another 3-for-2 stock split, and sold another 1 million shares of common stock (1.5 million shares on a post-split basis) in a public offering to raise additional capital. Concurrently, Applebaum offered 1 million shares of his own holdings in Arbor to the public, reducing his stake in Arbor from 4.3 million shares or 45.1 percent ownership, to 3.3 million shares, or 31.4 percent ownership.

**Arbor chairman and ceo Eugene Applebaum attributed the sharp gains to sales growth, expense disciplines and continued success in new store expansion.**

# First qtr. 'best ever' at Bindley

INDIANAPOLIS — Bindley Western Industries announced that its first-quarter 1991 results were the "best ever recorded for any quarter in the company's history."

Sales rose 26 percent, to $545.5 million for the quarter ended March 31, from $432.9 million for the comparable quarter last year. Earnings grew by 24 percent, to $2 million from $1.6 million. Primary earnings per share were 29 cents versus 25 cents, and fully diluted earnings per share were 26 cents versus 23 cents.

# Cardinal reports record gains

DUBLIN, Ohio — Cardinal Distribution reported record sales and earnings for the fourth quarter and fiscal year ended March 31.

Net sales for the fourth quarter gained 42 percent, to $341 million from $240 million last year, while net earnings rose 38 percent, to $5.9 million from $4.3 million.

For FY 1991, net sales increased 36 percent to $1.2 billion from $874 million; net earnings rose 36 percent, to $17.4 million from $12.8 million.

Robert D. Walter, chairman and ceo, said Ohio Valley-Clarksburg, which Cardinal acquired a year ago, met sales and profitaility expectations.

Its performance, he said, "is particularly satisfying since, throughout the year, we continued to invest for our future in order to strengthen management, improve physical distribution facilities and establish relationships with new customers in both existing and expanded geographic territories, all of which should position us to continue to exceed industry growth rates."

**MARKET DIARY:**

| | | |
|---|---|---|
| Largest Dollar Gainer | Melville Corp. | $ 4.00 |
| Largest Dollar Loser | Merck Co. | $ − 6.00 |
| Largest Percentage Gainer | Zenith Labs | 18.18% |
| Largest Percentage Loser | Par Pharmaceutical | −11.11% |

| | |
|---|---|
| Advances | 29 |
| Declines | 26 |
| Unchanged | 3 |
| New highs | 9 |
| New lows | 0 |

| | Close 5/24/91 | Close 6/6/91 | Net Change | Percent Change |
|---|---|---|---|---|
| Drug Store News Index | 4151.28 | 4161.53 | 10.25 | 0.25 |
| Dow Jones Industrial Average | 2913.91 | 2994.86 | 80.95 | 2.78 |
| Standard & Poor's 500-Stock Index | 377.49 | 383.63 | 6.14 | 1.63 |
| N.Y.S.E. Composite | 206.66 | 210.24 | 3.58 | 1.73 |
| Value Line Index | 238.08 | 245.98 | 7.90 | 3.32 |

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

| Exch | Company | Ticker Symbol | Closing Price 5/24/91 | Closing Price 6/6/91 | Net Change In Period | Percent Change In Period | P/E Ratio | Annual Dividend Rate | Annual Dividend Yield | Annual High | Annual Low |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *Chain store transactions* | | | | | | | | | | | |
| OTC | Accuhealth Inc. | ACCU | 6.63 | 6.63 | 0.00 | 0.00 | 25 | 0.00 | 0.00 | 7.56 | 4.50 |
| OTC | Arbor Drugs | ARBR | 18.50 | 19.50 | 1.00 | 5.41 | 23 | 0.12 | 0.62 | 19.88 | 8.88 |
| OTC | Big B (H) | BIGB | 14.13 | 13.75 | −0.38 | − 2.65 | — | 0.16 | 1.16 | 14.50 | 4.75 |
| OTC | Drug Emporium | DEMP | 8.63 | 8.75 | 0.13 | 1.45 | 17 | 0.12 | 1.37 | 11.00 | 6.63 |
| NYS | Fay's Inc. | FAY | 13.88 | 14.63 | 0.75 | 5.41 | 18 | 0.20 | 1.37 | 15.75 | 7.25 |
| ASE | Genovese Drug (H) | GDX.A | 11.38 | 11.50 | 0.13 | 1.10 | 13 | 0.24 | 2.09 | 12.25 | 5.50 |
| NYS | Longs Drug Stores (H) | LDG | 42.38 | 43.25 | 0.88 | 2.06 | 15 | 1.08 | 2.50 | 43.75 | 30.88 |
| OTC | Medicine Shoppe | MSII | 24.00 | 23.25 | −0.75 | − 3.13 | 19 | 0.24 | 1.03 | 28.75 | 15.50 |
| NYS | Perry Drug | PDS | 6.63 | 7.50 | 0.88 | 13.21 | −150 | 0.00 | 0.00 | 9.88 | 3.75 |
| NYS | Rite Aid Corp. | RAD | 43.00 | 41.25 | −1.75 | − 4.07 | 16 | 1.00 | 2.42 | 47.75 | 29.50 |
| NYS | Walgreen Co. | WAG | 31.75 | 32.88 | 1.13 | 3.54 | 22 | 0.44 | 1.34 | 35.88 | 21.13 |
| *Wholesaler's transactions* | | | | | | | | | | | |
| ASE | Bergen Brunswig | BBC | 26.88 | 27.00 | 0.13 | 0.47 | 14 | 0.40 | 1.48 | 32.75 | 21.38 |
| OTC | Bindley Western Ind. | BIND | 17.25 | 15.88 | −1.38 | − 7.97 | 15 | 0.04 | 0.25 | 18.13 | 8.63 |
| OTC | Cardinal Distribution | CDIC | 38.25 | 39.00 | 0.75 | 1.96 | 30 | 0.08 | 0.21 | 39.75 | 18.50 |
| OTC | Durr-Fillauer | DUFM | 31.50 | 30.50 | −1.00 | − 3.17 | 22 | 0.28 | 0.92 | 34.75 | 16.00 |
| ASE | Ketchum | KCH | 2.25 | 2.38 | 0.13 | 5.56 | − 6 | 0.00 | 0.00 | 2.75 | 1.25 |
| NYS | McKesson Corp. | MCK | 34.25 | 35.13 | 0.88 | 2.55 | 14 | 1.60 | 4.56 | 37.13 | 26.88 |
| ASE | Moore Medical | MMD | 6.63 | 6.13 | −0.50 | − 7.55 | 27 | 0.00 | 0.00 | 9.25 | 3.50 |
| NYS | Owens & Minor (H) | OMI | 19.63 | 23.00 | 3.38 | 17.20 | 21 | 0.28 | 1.22 | 23.13 | 10.88 |
| *Manufacturer's transactions* | | | | | | | | | | | |
| NYS | Abbott Labs | ABT | 51.88 | 50.00 | −1.88 | − 3.61 | 22 | 1.00 | 2.00 | 54.00 | 34.50 |
| NYS | American Home Products | AHP | 60.75 | 59.38 | −1.38 | − 2.26 | 15 | 2.28 | 3.84 | 63.88 | 43.00 |
| ASE | Barr Laboratories | BRL | 17.00 | 18.50 | 1.50 | 8.82 | 39 | 0.00 | 0.00 | 19.88 | 5.38 |
| NYS | Baxter International | BAX | 35.50 | 33.13 | −2.38 | − 6.69 | 18 | 0.72 | 2.17 | 37.13 | 21.50 |
| OTC | Block Drugs Co. | BLOCA | 57.25 | 55.00 | −2.25 | − 3.93 | 19 | 0.80 | 1.45 | 57.50 | 29.63 |
| ASE | Bolar Pharmaceutical | BLR | 3.38 | 3.50 | 0.13 | 3.70 | − 2 | 0.00 | 0.00 | 7.88 | 1.88 |
| NYS | Bristol-Myers Squibb | BMY | 83.00 | 79.25 | −3.75 | − 4.52 | 23 | 2.40 | 3.03 | 84.88 | 55.38 |
| NYS | Carter-Wallace | CAR | 61.75 | 62.50 | 0.75 | 1.21 | 19 | 0.92 | 1.47 | 68.00 | 44.88 |
| ASE | Columbia Labs | COB | 8.63 | 8.00 | −0.63 | − 7.25 | − 6 | 0.00 | 0.00 | 10.88 | 3.63 |
| ASE | Forest Labs | FRX | 39.25 | 35.63 | −3.63 | − 9.24 | 39 | 0.00 | 0.00 | 42.13 | 19.00 |
| ASE | Halsey Drug | HDG | 5.44 | 5.25 | −0.19 | − 3.46 | 28 | 0.00 | 0.00 | 5.94 | 2.13 |
| NYS | ICN Pharmaceutical | ICN | 5.38 | 5.13 | −0.25 | − 4.65 | − 3 | 0.00 | 0.00 | 6.13 | 2.50 |
| ASE | Lee Pharmaceutical | LPH | 1.38 | 1.25 | −0.13 | − 9.09 | − 3 | 0.00 | 0.00 | 2.75 | 0.88 |
| ASE | Leiner P. Nutrition | PLI | 10.88 | 11.25 | 0.38 | 3.45 | 11 | 0.00 | 0.00 | 13.38 | 6.75 |
| NYS | Lilly Eli Co. | LLY | 79.63 | 77.50 | −2.13 | − 2.67 | 19 | 2.00 | 2.58 | 90.38 | 65.63 |
| NYS | Marion Merrell Dow | MKC | 35.13 | 34.75 | −0.38 | − 1.07 | 19 | 0.92 | 2.65 | 39.63 | 23.00 |
| NYS | Merck Co. | MRK | 120.88 | 114.88 | −6.00 | − 4.96 | 24 | 2.24 | 1.95 | 122.88 | 72.38 |
| NYS | Mylan Labs | MYL | 23.88 | 25.75 | 1.88 | 7.85 | 28 | 0.20 | 0.78 | 28.00 | 13.75 |
| NYS | Par Pharmaceutical | PRX | 3.38 | 3.00 | −0.38 | −11.11 | − 2 | 0.00 | 0.00 | 8.13 | 2.63 |
| NYS | Pfizer Inc. (H) | PFE | 58.38 | 56.25 | −2.13 | − 3.64 | 23 | 1.32 | 2.35 | 60.50 | 31.25 |
| NYS | Rhone-Poulenc Rorer (H) | RPR | 82.25 | 84.50 | 2.25 | 2.74 | 172 | 0.88 | 1.04 | 84.75 | 56.75 |
| NYS | Schering Plough (H) | SGP | 53.50 | 50.88 | −2.63 | − 4.91 | 19 | 1.32 | 2.59 | 54.00 | 40.38 |
| NYS | Syntex Corp. | SYN | 42.38 | 38.50 | −3.88 | − 9.14 | 21 | 0.92 | 2.39 | 43.75 | 24.63 |
| OTC | Taro-Vit Industries | TAROF | 4.25 | 4.25 | 0.00 | 0.00 | 61 | 0.00 | 0.00 | 4.25 | 0.88 |
| NYS | Upjohn Co. | UPJ | 43.00 | 45.63 | 2.63 | 6.10 | 18 | 1.16 | 2.54 | 49.25 | 33.00 |
| NYS | Warner-Lambert | WLA | 72.50 | 71.50 | −1.00 | − 1.38 | 19 | 1.76 | 2.46 | 82.25 | 56.50 |
| OTC | Zenith Labs (H) | ZENL | 11.00 | 13.00 | 2.00 | 18.18 | 20 | 0.00 | 0.00 | 13.50 | 4.25 |
| *Other retailer transactions* | | | | | | | | | | | |
| NYS | Albertson's | ABS | 45.25 | 42.88 | −2.38 | −5.25 | 24 | 0.56 | 1.31 | 51.38 | 28.00 |
| NYS | American Stores | ASC | 85.38 | 85.50 | 0.13 | 0.15 | 16 | 1.12 | 1.31 | 92.38 | 42.63 |
| NYS | Giant Food | GFS.A | 28.88 | 29.50 | 0.63 | 2.16 | 14 | 0.64 | 2.17 | 31.25 | 21.13 |
| NYS | Great Atlantic&Pacific Tea | GAP | 47.00 | 47.25 | 0.25 | 0.53 | 12 | 0.80 | 1.69 | 58.63 | 37.75 |
| NYS | Kmart (H) | KM | 44.00 | 47.75 | 3.75 | 8.52 | 13 | 1.76 | 3.69 | 49.50 | 23.38 |
| NYS | Kroger | KR | 21.63 | 22.63 | 1.00 | 4.62 | 19 | 0.00 | 0.00 | 24.50 | 10.63 |
| NYS | Melville Corp. | MES | 48.50 | 52.50 | 4.00 | 8.25 | 15 | 1.44 | 2.74 | 57.75 | 32.75 |
| OTC | Fred Meyer | MEYR | 16.75 | 16.75 | 0.00 | 0.00 | 12 | 0.00 | 0.00 | 19.25 | 10.00 |
| NYS | Penney, JC | JCP | 56.25 | 53.75 | −2.50 | − 4.44 | 13 | 2.64 | 4.91 | 66.75 | 37.38 |
| NYS | Safeway | SWY | 19.13 | 19.50 | 0.38 | 1.96 | 20 | 0.00 | 0.00 | 21.63 | 10.25 |
| NYS | Smith's Food & Drug | SFD | 37.00 | 39.50 | 2.50 | 6.76 | 27 | 0.36 | 0.91 | 43.75 | 24.75 |
| NYS | Wal-Mart | WMT | 41.38 | 41.88 | 0.50 | 1.21 | 35 | 0.16 | 0.38 | 44.25 | 24.88 |

Key: (H) = New annual high reached in the bi-weekly period. (L) = New annual low reached in the bi-weekly period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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Vol. 13, No. 12 June 24, 1991

# Gallup '91

**Lotions, creams, talcs and dusting powders that women stroke on their bodies after bathing are the most popular items, used by 56 percent of the women in the study.**

# With proper merchandising, simple bathing becomes ritual

*Thanks to the growing popularity of body care specialty stores like The Body Shop and $H_2O$ Plus, American women have begun to transform their bathing and moisturizing rituals into highly sensual experiences.*

*Through their romantic advertising and product presentations, Body Shop stores are conditioning women to think of soaps, gels, dusting powders and moisturizers as indulgent experiences.*

*Fragranced lightly with the natural oils and extracts of flowers and fresh fruits, body care products can make a woman feel pampered, silky, and as innocently erotic as nature itself.*

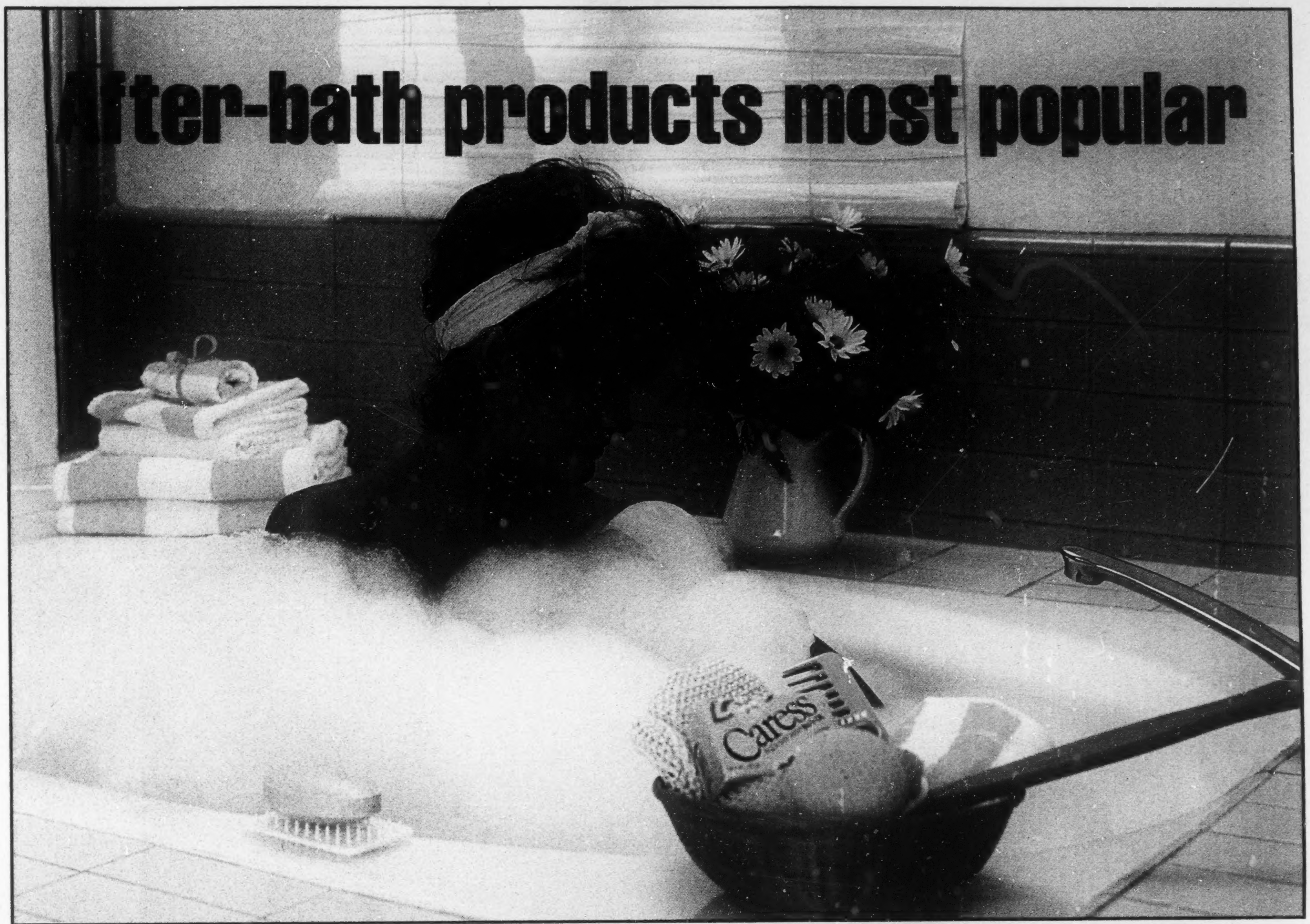
*Now drug stores and other mass retailers are beginning to see that they can also merchandise the bath and skin care category as sensual enhancements.*

*Some of the more progressive chains like Drug Emporium, Eckerd and Genovese have begun expanding their bath planograms and some are creating bath centers in their cosmetic skin care sets or on highly visible endcaps.*

*Buyers are also reporting strong growth in bath care products, especially for premium positioned lines like Yardley, Jean Nate, L'Effleur, Sarah Michaels and Natural Essence.*

*In our exclusive Gallup Consumer Survey report, Drug Store News discovered another reason for the success of specialty chains like The Body Shop and $H_2O$ Plus: they've tapped into a large market of women who use body care products sensually, and who sincerely cherish these products for their ability to provide such luxurious indulgences.*

# After-bath products most popular



Confronted with the stress and pressures of life on today's fast track, American women are seeking relief in the relaxing privacy of their bath.

More than seven out of 10 (71 percent) of Gallup respondents said they've used a bath or shower product during the past four weeks.

The most popular: lotions, creams, talcs and dusting powders that women stroke on their bodies after bathing or showering, used by 56 percent of the women in the study.

Bath additives and shower gels are less popular, at 27 percent, and shower gel, at 14 percent.

Across age groups, after-bath products seem universally more popular. Six out of 10 women 50 and older say they've used these within the past four weeks—as have 54 percent age 18 to 24, 56 percent of women 25 to 34, and 54 percent in the 35-to-49 bracket.

By comparison, only 31 percent of women 18 to 24 told Gallup they'd used a bath additive or shower gel in the past four weeks, as have 30 percent of women 35 to 49, and 27 percent of the 50-and-older crowd. Bath additives and gels are used the least by women 25 to 34.

Since after-bath products appeal to a broader spectrum of American women than bath additives or shower gels, they deserve larger space allocations, as well as stronger advertising support in drug stores.

Plus, bath products make good candidates for ads because the use-up rate is high. More than three out of four (or 77 percent) of bath product users age 35 to 49 say they use these items "every time or most of the time" they bathe or shower; among women 25 to 34, 80 percent said this, as did 82 percent of women 50 and older.

*Where people shop most often for bath products*

| | All Shoppers | 25-34 | 35-49 | 50 and older |
|---|---|---|---|---|
| **Regular drug stores** | 17% | 15% | 10% | 21% |
| **Deep discount drug stores** | 18 | 21 | 18 | 18 |
| **Net drug stores** | 35 | 35 | 27 | 38 |
| **Door to door** | 20 | 14 | 23 | 22 |
| **Discount stores** | 16 | 21 | 19 | 12 |
| **Food stores** | 13 | 14 | 17 | 10 |

Base: women who have used bath products.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*How often women use bath and shower products*

| | | Among women in these age groups | | |
|---|---|---|---|---|
| | Among all women | 25-34 | 35-49 | 50 and older |
| **Every time bath or shower** | 55% | 53% | 53% | 60% |
| **Most of the time** | 25 | 27 | 24 | 22 |
| **Sometimes/rarely** | 20 | 20 | 23 | 17 |

Base: women who have used any type of bath or shower product.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

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*Drug Store News* wishes to thank *TEEN Magazine* for its color photographs published within this special Gallup Report section on pages 35, 36, 43, 44, 50, 56 and 56. Photos published courtesy of *TEEN*.

# Strong competition reigns for bath care dollars

It's not surprising that the strongest competition for the bath care customer is coming from direct marketers Avon and Mary Kay, followed by the likes of Kmart and Wal-Mart—and not from department stores.

After all, drug stores, door-to-door firms and discounters are far more moderate in their pricing. At the same time, many of these merchants are expanding assortments, and upgrading presentations and advertising.

Indeed, 20 percent of bath product users in this survey said they buy their favorite brands "most often" from door-to-door reps; 16 percent said discount department stores, and 13 percent said food stores.

More than one-third buy these items "most often" in a drug store: 17 percent at conventional operators and 18 percent at deep discounters.

Department stores garner just 9 percent, largely due to their often extravagant prices for bath products.

Gallup found that older women are more likely to shop drug stores "most often" for bath products. Among women 50 and older, 38 percent said drug stores are their preferred outlets for bath goods; 22 percent named direct mar-

Continued on page 43

> *Among women 50 and older, 38 percent said drug stores are their preferred outlets for bath goods.*

*Why women buy bath/shower items in drug stores*

| | |
|---|---|
| **Good/reasonable prices** | 47% |
| **Convenient to home/office** | 31 |

Base: women who always or sometimes buy their bath and shower products in a conventional or deep discount drug store.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*. . . or rarely or never do*

| | |
|---|---|
| **Do not carry my brands** | 29% |
| **Prices are too high** | 22 |
| **Inconvenient to home/office** | 15 |

Base: women who rarely or never buy their bath and shower products in a conventional or deep discount drug store.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*Women who use after-bath products*

| Age segments | % of U.S. population | % of all women using after-bath items in the past four weeks | % of all women in this age segment using after-bath items in the past four weeks |
|---|---|---|---|
| **18 to 24** | 13% | 13% | 54% |
| **25 to 34** | 21 | 21 | 56 |
| **35 to 49** | 25 | 24 | 54 |
| **50 and older** | 39 | 41 | 60 |

Base: women who have used an after-bath product.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

WHEN SUSAN SMILES, YOUR SALES WILL SOAR

NEW
Free toothbrush enclosed
CONVENIENT
PUMP!
STAY-WHITE™
One-step bleaching toothpaste
Pick me up and see how you can have whiter teeth
Will not harm tooth enamel
Susan Anton
STAY-WHITE
One-step bleaching toothpaste

- A national T.V. and magazine campaign will introduce your customers to Susan Anton and STAY-WHITE, the only one-step tooth whitener that is as easy to use as toothpaste.
- STAY-WHITE makes every one of your shoppers a potential tooth whitener customer due to its familiar toothpaste pump delivery system and simple, quick application.
- Now, each of your shoppers has the time to make his or her teeth their whitest and with STAY-WHITE, you have the opportunity to sell more whitener than ever before.

SEE DENTAL CONCEPTS AT NACDS MARKETPLACE IN BOOTH #122 and we will tell you how STAY-WHITE will produce incremental sales in two category segments—toothpaste and tooth brushes. It is the only one-step bleaching system you will need.

# Competition reigns for bath care dollars

*Continued from page 38*

keters; just 12 percent said discount stores and 10 percent food stores.

A related finding: while many younger women shop drug stores "most often" for bath care, discounters are closer to parity in attracting them. Among women 25 to 34, 35 percent prefer drug stores for bath products, as do 27 percent of women 35 to 49. By comparison, 21 percent of women 25 to 34 and 19 percent of the 35-to-49 group "most often" shop discount stores.

While drug stores are still the stores that younger women shop "most often" for bath care, they could get even stiffer competition from discount chains and direct marketers when and if these trade classes decide to focus on this category more aggressively.

There is also evidence that drug stores could build a stronger franchise of bath users if they concentrated more intensely on this category. For example, 56 percent of bath product users 35 to 49 told Gallup they "rarely or never" buy bath products in drug stores, compared to just 16 percent who said they "always" do.

Among older women 50-plus, 52 percent said they "rarely or never" shop drug stores for bath care, while just 19 percent of this group said they "always" do.

The majority of women who "rarely or never" buy bath care in drug stores say it's because drug stores don't stock their brands (29 percent) or prices are too high (22 percent). Drug stores could enhance their appeal to these shoppers by broadening product selection and advertising brands at value prices.

For women who say they "always" buy bath products at drug stores, "reasonable prices" and "convenience to home or office" are the main attractions.

*After-bath products are most popular*

| Products used | Among all women |
|---|---|
| *After-bath | 56% |
| **Bath additives | 27 |
| Shower gels | 14 |

*Such as dusting powders, talcs, body creams and lotions.
**Such as oils, tablets, beads or powders.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*Demographic analysis of shopping preferences (Frequency of purchases by users in this age segment)*

| Frequency of shopping drug stores by age segments | Always | Sometimes | Rarely | Never |
|---|---|---|---|---|
| All bath/shower product users | 20% | 29% | 24% | 25% |
| Women 25 to 34 | 24 | 35 | 16 | 26 |
| Women 35 to 49 | 16 | 28 | 25 | 31 |
| Women 50 and older | 19 | 26 | 32 | 20 |

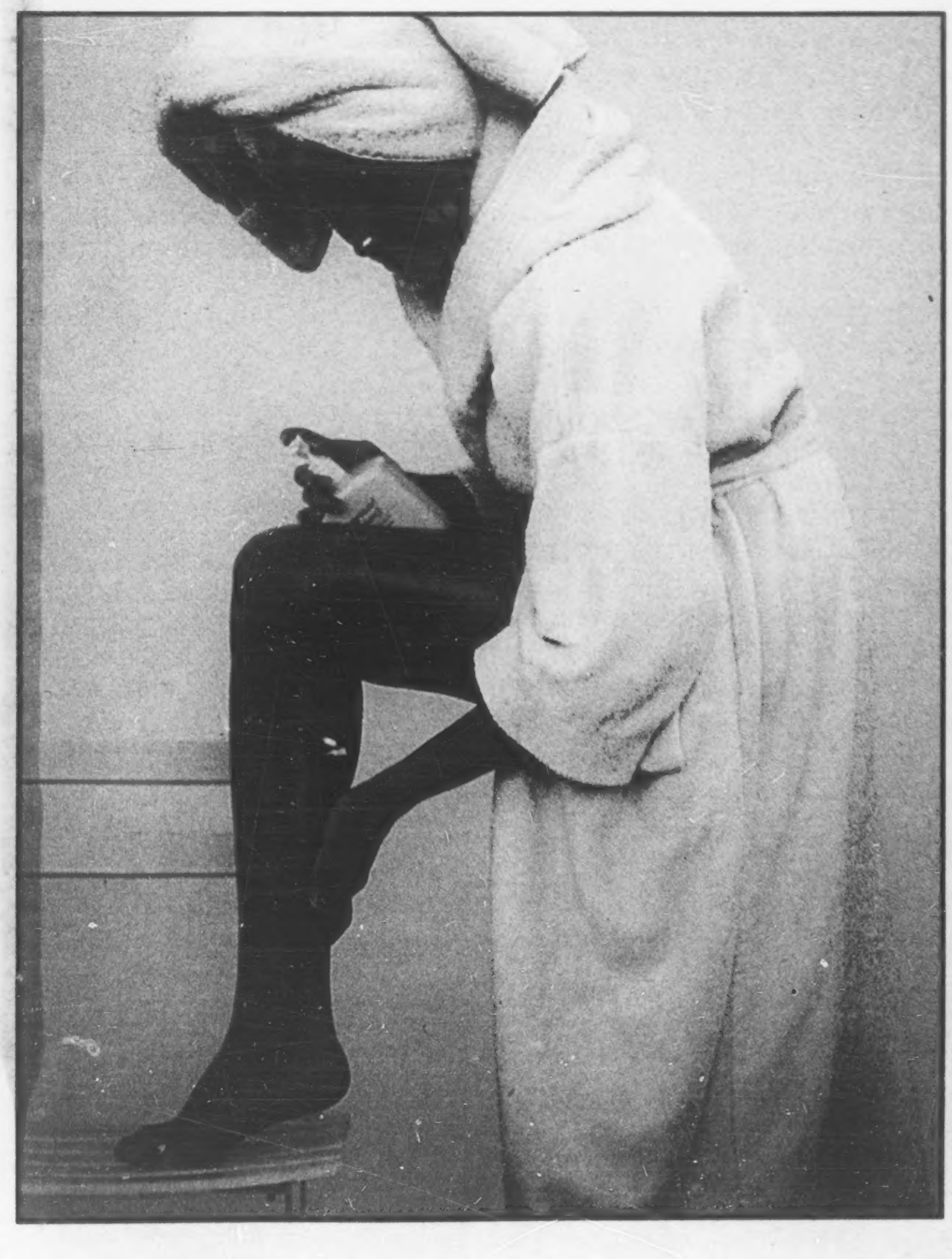
Base: women in these age groups who have used a bath/shower product.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*Women who use bath additives and shower gels*

| Age segments | % of U.S. population | % of all women using bath/shower products in the past four weeks | % of all women in this age segment using bath/shower products in the past four weeks |
|---|---|---|---|
| 18 to 24 | 13% | 15% | 31% |
| 25-34 | 21 | 18 | 24 |
| 35-49 | 25 | 27 | 30 |
| 50 Plus | 39 | 39 | 27 |

Base: women who have used an after-bath product.
Source: *Drug Store News* /Gallup 1991 Consumer Survey.

*For bath products, 35 percent of women aged 25 to 34 prefer drug stores.*



ADVERTISEMENT

Ad support keeps Tarn-X the No. 1 tarnish remover

Tarn-X, manufactured by Jelmar, is the No. 1 tarnish remover in the United States. Tarn-X effortlessly removes tarnish from sterling silver, silver plate, copper, gold, platinum, diamonds and other nonporous precious stones.

The non-abrasive product is safe to use on antique pieces, musical instruments, coins and even costume jewelry without danger of removing any precious metal. Users simply wipe the tarnished area, rinse under hot water and wipe dry.

Tarn-X stands out from all competitors thanks to its strong advertising support. Jelmar backs its products with television commercials that demonstrates the use and effectiveness of the product. Airing from September through June, these commercials contain a tag line informing consumers of the drug store chains in their market carrying Tarn-X.

Local and national spot television buys have helped Tarn-X sustain considerable market share in the household chemical metal polish category. In Chicago Tarn-X has acheived 65 percent of the retail dollar share and 51 percent of the unit movement share in its category.

Jelmar is now introducing two new Tarn-X items which will increase your sales and Market Share... TARN-X 2oz. TRIAL SIZE-packed 72 pieces per floorstand displayer, and TARN-X 1/3 MORE FREE BONUS PACK- 16oz. for the 12oz. price.

Jelmar also manufactures Tarn-X jewelry cleaner and an array of excellent Tarn-X metal polishes for silver, stainless steel, aluminum and brass.

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Jelmar/Manny Gutterman & Assoc.
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Longer, Stronger Nails In 5 to 7 Days
Nutra Nail

Nutra Nail®

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IT ALL MEANS EXTRA PROFITS FOR YOU!

CCA Industries, Inc.
1-800-524-2720

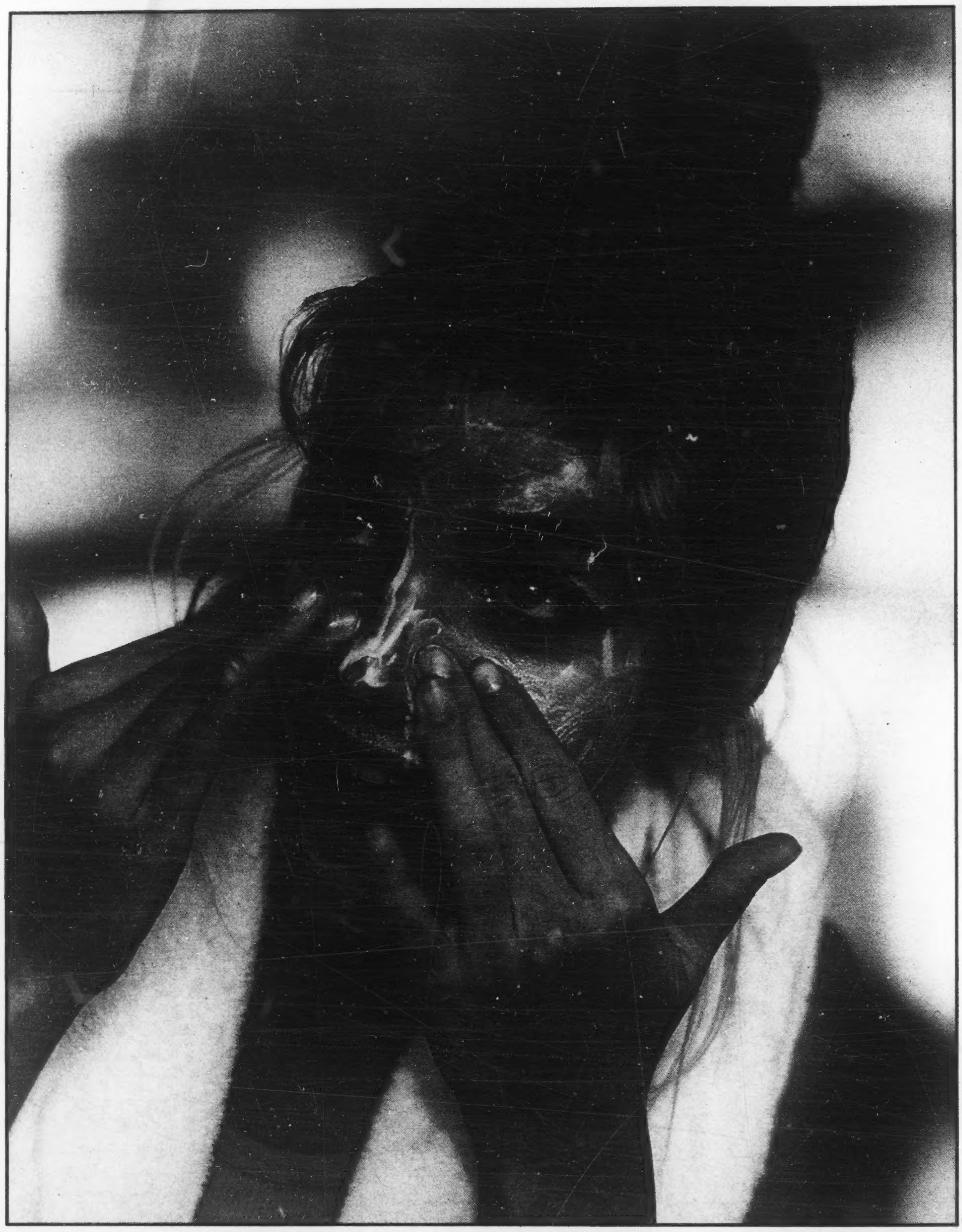
# Chains do well in skin care, but have room for improvement, opportunity

*According to Gallup, there is plenty of opportunity for drug stores to build a skin care franchise.*

*Facial moisturizers are one of the strongest growth categories of the '90s, but where are women buying them, which brands do they prefer and how often are they using them.*

*Since the category offers drug stores so many opportunities to grow sales and attract consumers, Drug Store News asked the Gallup Organization head-quartered in Princeton, N.J., to include it in this year's fourth Annual Drug Store News Beauty Care Consumer Survey.*

*We wanted to find out exactly how women today relate to this category and what they think of drug stores as the place to buy skin care products.*



**Because of their success at motivating skin care sales among younger women, the customer demographics at deep discounters in the survey resemble those of department stores and direct marketers.**

The good news for drug store operators is that women 25 to 49 are particularly heavy users of facial moisturizers, with more than seven out of every ten in these age groups current users, reports Gallup.

Overall, 69 percent of women over 18 say they've used a facial moisturizer during the past four weeks.

Since drug stores target the 25-plus age group, an attractive presentation of moisturizing products, combined with aggressive image and price/value advertising could be perfect vehicles for courting this shopper.

According to Gallup, there is plenty of opportunity for drug store operators to build a skin care franchise. Just a third of all women now buying facial moisturizing products are making their purchases "most often" in a drug store. Of that group, 19 percent shop conventional drug stores such as Walgreens and Eckerd "most often" for moisturizers, and 14 percent shop deep discounters such as Drug Emporium and F&M.

The strongest competition for this customer: direct marketers Avon and Mary Kay, and department stores such as Macy's and A&S. Indeed, 24 percent said they buy their favorite facial moisturizers "most often" from door-to-door reps, and 21 percent said they shop department stores most often.

The facial moisturizer customer at a conventional drug store is more likely than any other trade class to be an older woman. A study of moisturizer purchases across four age groups shows that women 50 and older account for 44 percent of the "most often" group.

In comparison, department stores make 34 percent of their facial moisturizer sales

*Continued on page 46*

Since drug stores target the 25-plus age group, an attractive presentation of moisturizing products, combined with an aggressive image could be perfect for courting this shopper.

### *Most women use facial moisturizers*

| | |
|---|---|
| **% of users** | 69% |
| **Non-users** | 31 |

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *Most frequently used skin care products*

| | |
|---|---|
| **Daytime moisturizers** | 37% |
| **Cleansers** | 35 |
| **Nighttime moisturizers** | 14 |
| **Toners** | 4 |

Base: Women who have used a moisturizer in the past four weeks as part of a skin care regimen.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

**NOW!**
**SPOT TV**

Sudden Change
It'll Make You Look Years Younger... In Minutes!
Instantly See The Difference!
NOT A MAKE-UP

**Sudden Change™**
**Protein Skin Smoother**

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- Works in minutes and lasts for hours
- Backed by Spot and Network TV

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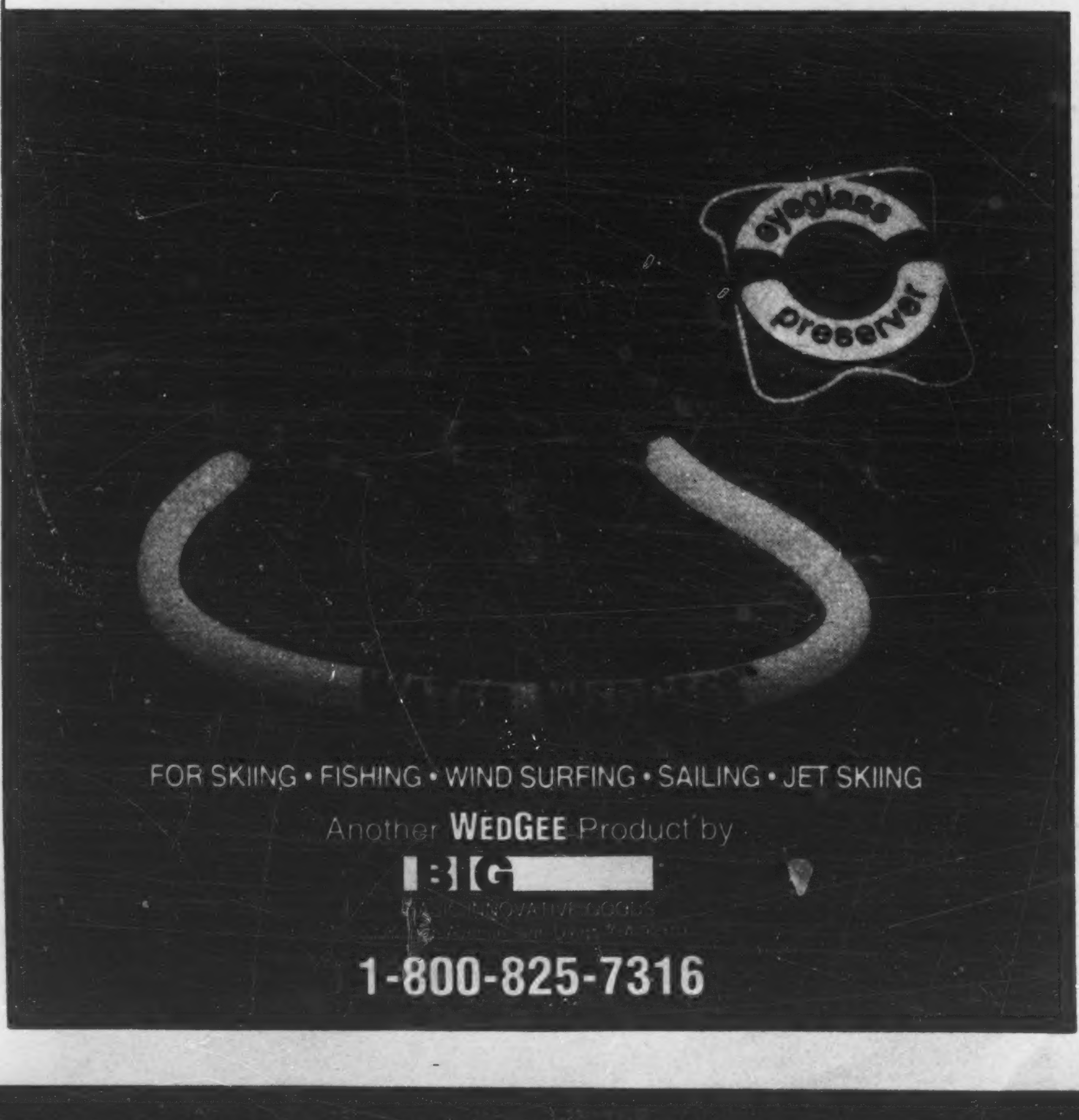
eyeglass preserver
FOR SKIING • FISHING • WIND SURFING • SAILING • JET SKIING
Another **WEDGEE** Product by
BIG
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*How often women shop in drug stores for moisturizers*
*(By age segment)*

| | Always | Sometimes | Rarely | Never |
|---|---|---|---|---|
| **All moisturizer users who shop drug stores** | 23% | 19% | 16% | 42% |
| **18 to 24** | 19 | 30 | 19 | 31 |
| **25 to 34** | 25 | 9 | 14 | 51 |
| **35 to 49** | 17 | 17 | 22 | 44 |
| **50 and older** | 26 | 23 | 12 | 39 |

Base: Women, within these age groups, who have used a moisturizer in the past four weeks.
Source: *Drug Store News*/Gallup 1991 Consumer Survey.

# Chains do well in skin care, but have room for improvement, opportunity

*Continued from page 44*

to women in that age group.

Among women who say they "always shop" drug stores, 45 percent are 50 and older, and just 20 percent are 35 to 49. Rare shoppers are more likely to be 35 to 49 (37 percent) and less likely to be 50 and older (29 percent).

Although drug stores certainly want to attract older shoppers, it isn't to their advantage to have such a large base of their sales made to women 50 and older. For one thing, in mass market stores, older shoppers tend to buy lower ticket facial moisturizers.

They aren't as inclined as younger users to use a regimen of skin care products, so traditional drug stores, who cater disproportionately to older shoppers, often miss the opportunity to create multiple sales of skin care products, generating a cleanser sale with a moisturizer sale, for example, or toner sale with a companion cleanser.

This could be one reason why Gallup discovered that traditional drug stores only get a $5.37 mean facial moisturizer purchase compared to the $19.80 mean and the $10.06 mean that department stores and door-to-door sales reps average.

### Many opportunities

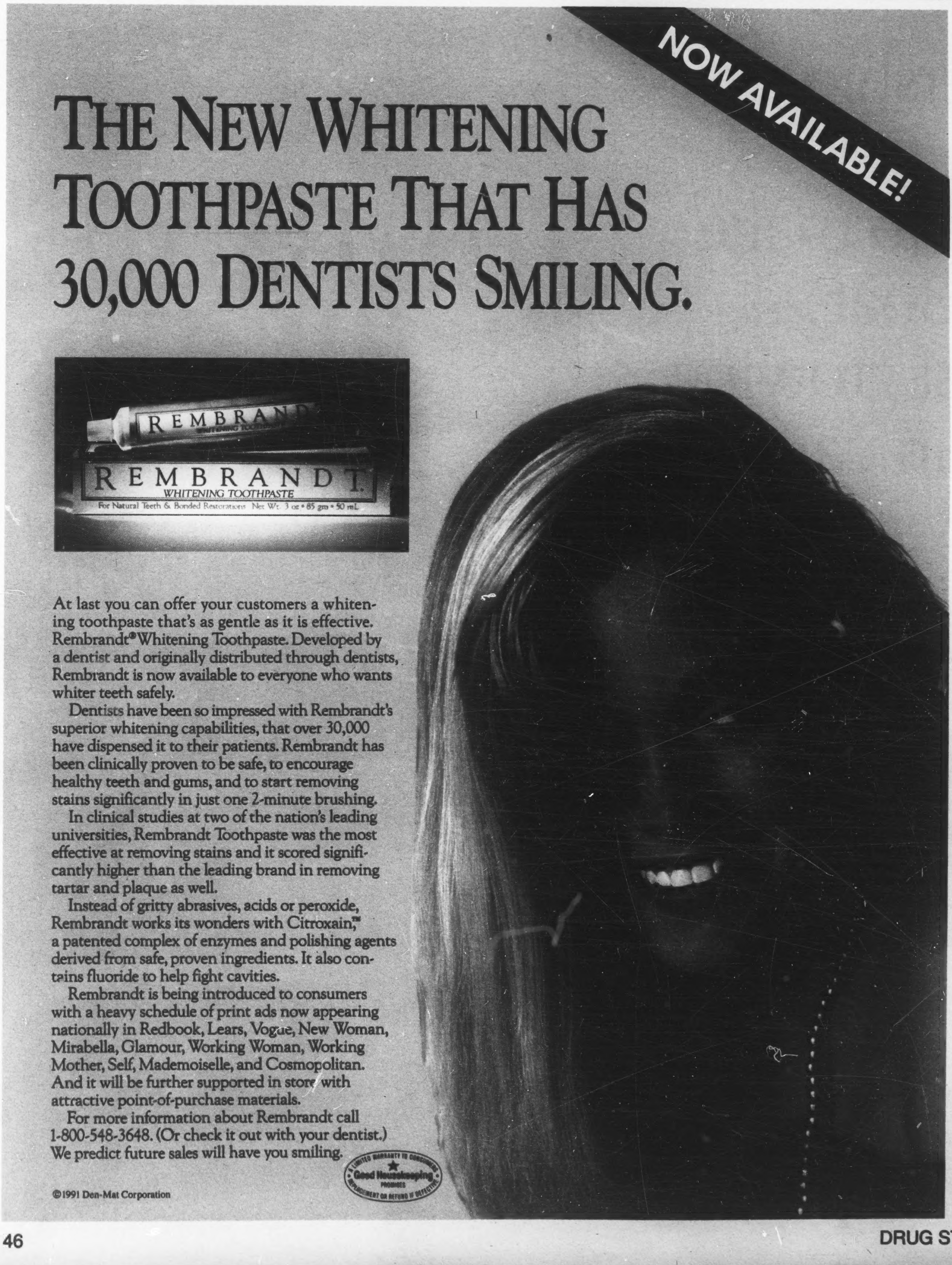
With so much of their sales coming from older customers, drug stores are also missing opportunities to build a strong skin care franchise with younger consumers. They are especially missing a chance to court the 25 to 34 and the 35 to 49 year old consumer who, by age segment classification, is the heaviest user of skin moisturizing products.

This is also the customer who often shops department stores for skin treatment products, the kind of customer that drug stores would love to be able to convert into "class for mass shoppers."

Nevertheless, only 17 percent of the consumers who bought a skin treatment item in a traditional drug store were between the ages of 35 and 49. These coveted customers were taking their skin care business elsewhere—such as department stores, where 30 percent of face moisturizing sales are to customers in this age group, and direct marketers, with 29 percent.

Indeed, two out of three women aged 35 to 49 who use

*Continued on page 50*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# Protective facial moisturizers offer perfect opportunity for drug stores

Health, fitness and fashion authorities have succeeded in convincing women that when it comes to dry skin, an ounce of prevention is worth more than a pound of cure.

These days, women don't want to wait until their skin has been damaged before they start to protect it. They've been taught that the best way to prevent and retard the damaging effects of aging, stress, wind or sun damage is to start using facial moisturizers at a young age.

So it's not surprising that Gallup discovered the majority of women in all age groups are regular users of facial moisturizers. Not only do 68 percent of all women 50 and older use moisturizers, so do 59 percent of all women 18 to 24; 74 percent of all women 35 to 49; and 72 percent of all women 25 to 34.

**No one wants to look any older than they have to, which helps explain why 69 percent of adult women use face moisturizers.**

Among the survey respondents who were black, 58 percent had used a facial moisturizer in the past four weeks.

As health, fitness and fashion magazines continue to publish articles warning against the damaging effects the environment can have on human skin, the incidence of use can be expected to grow.

Given the usage rates they now command, moisturizers are a perfect category for chain drug stores to advertise. Women will be looking for new products offering the latest technological breakthroughs in innovative formulas.

Some will respond to the stores that offer the lowest prices and broadest selections. They'll have questions about what is best for their skin types, and retailers with knowledgeable staffs will be in a strong competitive position.

**Replenishment rates high**

Since most women today tend to use moisturizers at least once a day, replenishment rates are relatively high.

Certainly if women can be persuaded to buy their moisturizers in one particular store, that store will benefit from frequent repeat purchases. And the more women a store attracts, the more likely that store is to generate other incremental impulse purchases.

Gallup found that women who wear facial moisturizers apply them often.

Indeed, 84 percent of all women 25 to 34 apply them at least once a day, and 33 percent say they use them "more than" once a day.

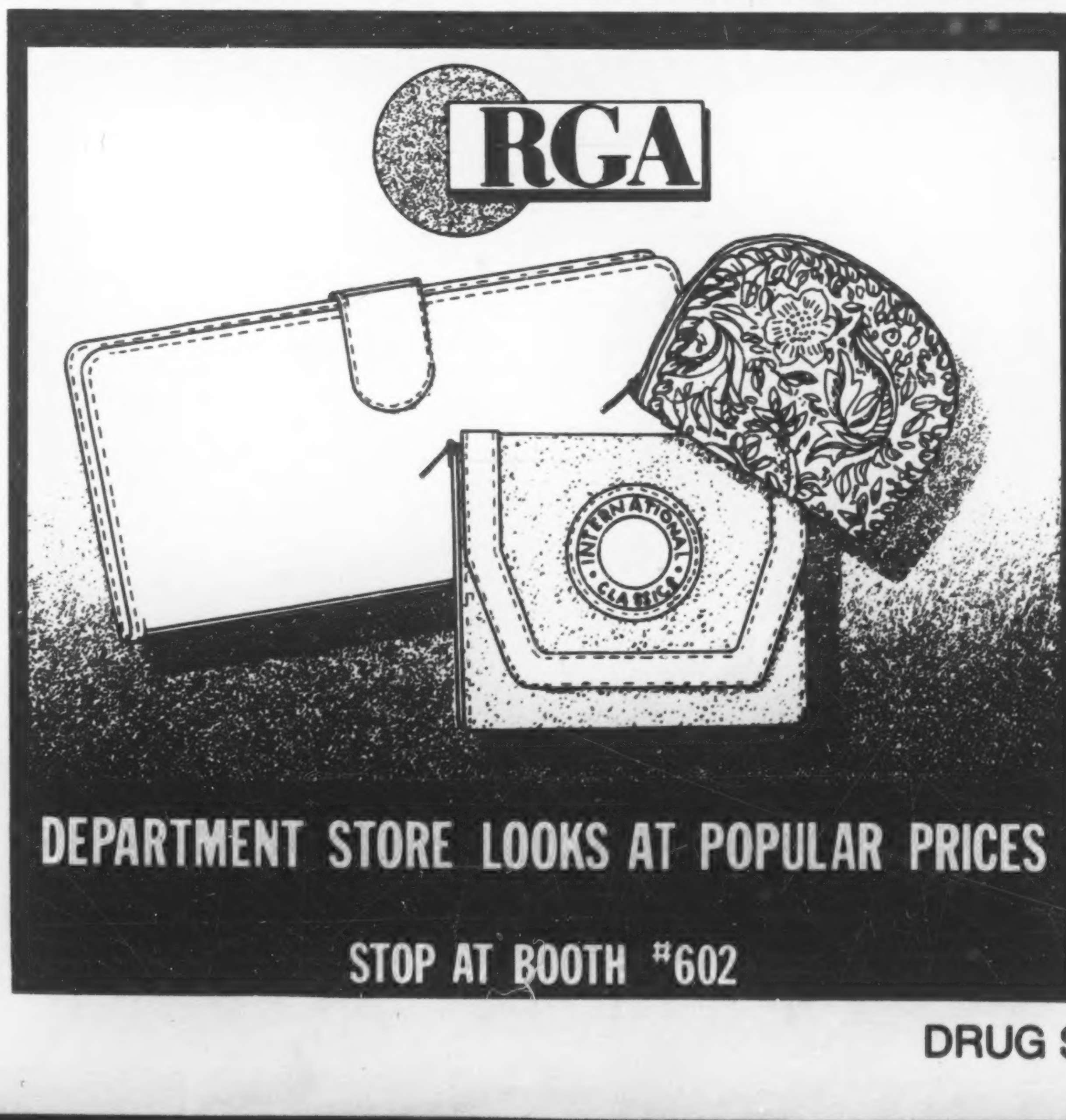
Facial moisturizers also have psychological benefits for the user. In addition to giving users a sense of security based on the protection they provide, they also leave a woman's skin feeling soft and silky to the touch.

As the day wears on and the moisturizers wear off, women can feel their skin tightening. The quickest way to remedy the problem? Stroke on a little more moisturizer.

Facial moisturizers help women feel good as well as look good, beauty experts say.

Gallup findings show that the most popular moisturizing brand among American women is still Oil of Olay. Of the 22 percent who named it as their

*Continued on page 53*



DEPARTMENT STORE LOOKS AT POPULAR PRICES

STOP AT BOOTH #602

# Service counts: Door-to-door brands offer stiff competition for moisturizer sales

*Continued from page 50*

favorite brand, there was no significant variation across demographic segments as age, income, education, race or geographic region.

Olay, of course, is advertised more frequently than any other mass market skin care brand. It has always been positioned as a beauty aid made to prevent or minimize the damaging effects of aging, stress or weather-related damage.

However, Gallup discovered that brand popularity is also affected by where women shop. For example:

- 40 percent of all the women who bought moisturizers in a drug store named Olay as their favorite brand, but only 33 percent of all moisturizer purchases were made in a drug store.
- 24 percent of all respondents said they buy their facial moisturizers from door-to-door marketers, such as Avon or Mary Kay—and 79 percent of this group named one of these brands as their favorite.
- 31 percent of all women who buy moisturizers in a department store named Clinique as their favorite, while 24 percent named Estee Lauder.

There are a number of reasons why door-to-door brands are gaining in popularity so quickly.

Like Olay, they're more moderately priced than department store brands, but they also benefit from the highly personalized service that Avon and Mary Kay sales representatives offer.

Women like buying beauty care products in the privacy and comfort of their living rooms, and they like a friendly salesperson on hand to help answer their questions. This is a trend that drug store operators have to continue to watch and react to. It not only threatens their ability to dominate facial moisturizer sales, but sales of all beauty care products.

### *Why women buy moisturizers in drug stores*

| | |
|---|---|
| Good/reasonable prices | 45% |
| Convenient to home/office | 36 |
| Habit/always shopped there | 10 |
| Easy to shop | 9 |
| Variety/selection of brands | 5 |
| Impulse/came to buy something else | 4 |
| Carries the better brands | 2 |
| Helpful/knowledgeable sales people | 2 |
| Other | 2 |
| No answer | 4 |

### *. . . or rarely or never do*

| | |
|---|---|
| Do not carry my brands | 47% |
| Prices are too high | 11 |
| Does not stock the better brands | 9 |
| Buys from door-to-door sales representative | 8 |
| Inconvenient to home/office | 7 |
| Limited selection/not enough variety | 4 |
| Never thought of drug stores as a place to buy this product | 3 |
| Don't need or use it | 3 |
| Lack of helpful/knowledgeable salespeople | 3 |
| Inconvenient/can buy elsewhere | 2 |
| Hard to shop/store is confusing | 2 |

Base: Women who rarely or never buy their favorite brand in either a conventional or deep discount drug store.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *How often women use facial moisturizers*

| | Among all women | Among women in these age groups 25-34 | 35-49 | 50 and older |
|---|---|---|---|---|
| More than once a day | 24% | 33% | 26% | 20% |
| Once a day | 54 | 51 | 51 | 59 |

Base: Women who have used a moisturizer in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *Women who buy facial moisturizers primarily at drug stores*

(By age group)

| | 18-34 | 35-49 | 50 and older |
|---|---|---|---|
| All moisturizer users | 34% | 27% | 38% |
| The always shopper | 34 | 20 | 45 |
| Sometimes | 30 | 25 | 45 |
| Rarely | 32 | 37 | 29 |
| Never | 35 | 28 | 35 |

Base: Women who have used a moisturizer in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *What women generally pay for facial moisturizers*

(By store type)

| | Mean | Median |
|---|---|---|
| Department stores | $19.80 | $18.00 |
| Door-to-door | 10.06 | 7.00 |
| Discount drug stores | 5.37 | 5.00 |
| Traditional drug stores | 5.78 | 5.00 |

Base: Women who have used a moisturizer in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *Favorite brands of facial moisturizers*

| | All women | Among women within these age groups 25-34 | 35-49 | 50 and older |
|---|---|---|---|---|
| Oil of Olay | 22% | 22% | 23% | 21% |
| Avon | 11 | 9 | 7 | 17 |
| Mary Kay | 10 | 13 | 15 | 4 |
| Clinique | 7 | 14 | 10 | 1 |
| Estee Lauder | 5 | 3 | 3 | 9 |
| Lancome | 4 | 1 | 7 | 5 |

Base: Women who have used a moisturizer in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

### *Women who use facial moisturizers*

| Age segments | % of U.S. population | % of all women using moisturizers in the past four weeks | % of all women in this age segment using moisturizers in the past four weeks |
|---|---|---|---|
| 18 to 24 | 13% | 12% | 59% |
| 25 to 34 | 21 | 22 | 72 |
| 35 to 49 | 25 | 27 | 74 |
| 50 and older | 39 | 38 | 68 |

Base: women who have used a moisturizer in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

*Department stores still get more "most often" citations for fragrance purchases than any other trade class; 46 percent of 18- to 24-year-old fragrance users said they follow their noses "most often" in department stores.*

Gallup found that drug stores get the majority of their "most often" fragrance purchases from women 18-24 (27 percent) and 50 and older (26 percent).

# Drug stores chosen by 22% for fragrances

For drug store operators, the good news is that 22 percent of fragrance users buy their scents "most often" in drug stores. Of this group, 13 percent frequent conventional drug stores such as Walgreens and Eckerd, and 9 percent use deep discounters such as Drug Emporium.

Not surprisingly, the strongest competition for fragrance sales is coming from department stores such as Macy's and Nordstrom's, Gallup found. However, discounters such as Kmart and Wal-Mart, and direct marketers Avon and Mary Kay also have significant followings: 14 percent said they buy their fragrances "most often" at discount chains and 10 percent from door-to-door reps.

According to Gallup, all drug stores get the majority of their "most often" fragrance purchases from women 18-24 (27 percent) and 50 and older (26 percent).

However, department stores still get more "most often" citations for fragrance purchases than any other trade class. For example, 46 percent of 18- to 24-year-old fragrance users said they follow their noses "most often" in department stores; 47 percent of 25- to 34-year-olds said this, as did half of 35- to 49-year-old fragrance users and 38 percent of the 50 and older group.

The department store's success at cultivating fragrance shoppers may not be entirely due to their merchandising or servicing strategies. Most prestige fragrances are only available in department stores, so the fragrance industry's selective distribution system is probably more the reason.

As drug stores continue to expand their assortment of premium brands and as mass market manufacturers commit more advertising dollars to support brands like Char-

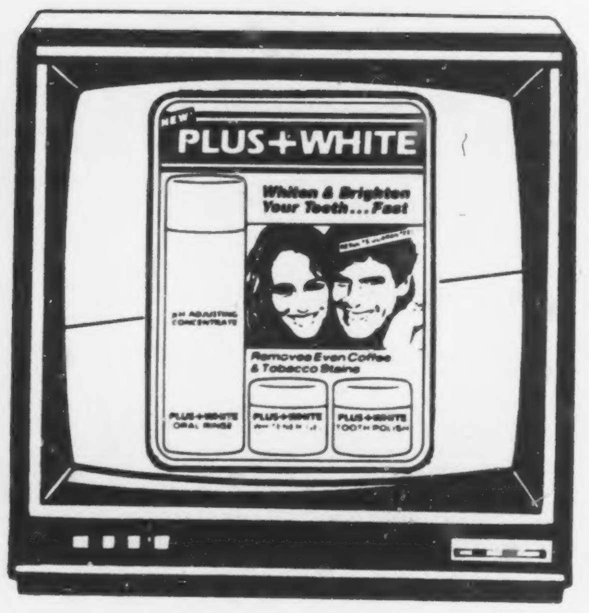
Continued on page 59

*Why women buy fragrances in drug stores*

| | |
|---|---|
| Good/reasonable prices | 44% |
| Convenient to home/office | 32 |
| *. . . or rarely or never do* | |
| Do not carry my brands | 34% |
| Prices are too high | 12 |
| Do not stock the better department store brands | 10 |

Base: Women who rarely or never buy their fragrances in conventional or deep discount drug stores.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.



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# Drug stores pick up the right scent

*Continued from page 56*

lie, Lady Stetson and Vanderbilt, the drug store share of fragrance sales should be able to rise, particularly since department stores are going through troubled times.

But if drug stores are to capture more fragrance shoppers, this is the time to act, by broadening product assortments, adding merchandising touches reminiscent of department stores, managing prices to create a good price/value image and by supplying fragrance customers with as much personalized service as possible.

Clearly, drug stores could do better in courting fragrance shoppers, Gallup findings indicate. Just 15 percent of the drug store "always shoppers" are women 25 to 34—less than one expected since 22 percent of fragrance users are in this age group.

The bright side is that only 10 percent of the drug store "never shoppers" for fragrances are 18 to 24, as are 15 percent of the "rarely shoppers."

Since 32 percent of people who "never" buy fragrances in drug stores are 35 to 49, and 27 percent of fragrance users are in this age group, it appears as if drug stores aren't getting their fair share of this crowd. Reinforcing this notion, just 21 percent of drug store"always shoppers" are 35-49, yet this age group accounts for 27 percent of all fragrance purchases.

Drug stores have a lot of potential to develop fragrance sales with older customers. The picture now, Gallup findings show, has 70 percent of fragrance users aged 35-49 "rarely or never" . shopping this trade class for scents. Similarly, 67 percent of users 25 to 34 and ... percent of users 50 and older said this.

The younger shopping group of 18 to 24 year olds had 54 percent saying they "rarely or never" shop drug stores for fragrances.

On the flip side, Gallup found that an overall 12 percent of fragrance users say they "always" shop drug stores for fragrances. That is true for 8 percent of the 25-34 crowd, 9% of the 35-49 group and 17 percent of the 50 and older bracket.

The benefits that turn some women into "always and sometimes" drug store shoppers for fragrances are price (44 percent) and convenience (32 percent).

One-third of all women who rarely or seldom buy fragrances in drug stores cite lack of brands they prefer.

As for women who buy fragrances for men, 6 percent said Old Spice is the brand they buy most often. But there is also evidence that women may be finding other attractive alternative fragrances for men from direct marketers: 4 percent of respondents said the fragrance they bought "most often" for men was an Avon brand.

*How often women shop drug stores for fragrances*

| | Always | Sometimes | Rarely | Never |
|---|---|---|---|---|
| **All fragrance users who shop drug stores** | 12% | 21% | 26% | 40% |
| **18-24** | 12 | 29 | 26 | 28 |
| **25-34** | 8 | 24 | 27 | 40 |
| **35-49** | 9 | 21 | 23 | 47 |
| **50 and older** | 17 | 15 | 27 | 40 |

Base: Women who have used a perfume or cologne in the past four weeks.

Source: *Drug Store News*/Gallup 1991 Consumer Survey.

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ph: Jade Albert

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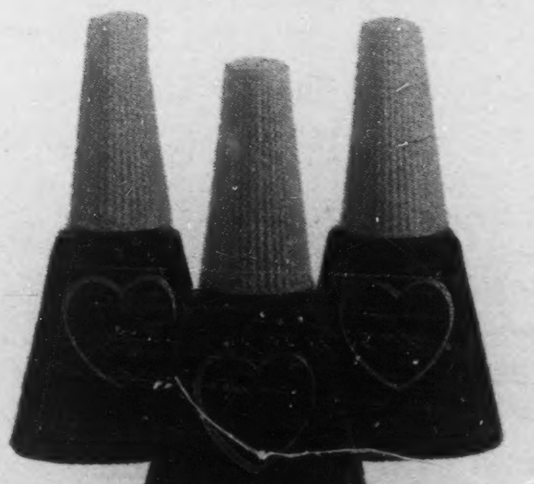

# Photo departments embark on the 'green' attack

Everyday Prices
Kodak Film
The Rx PLACE PHOTO
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FREE!

The 35mm film assortment includes Polaroid and Fuji with Kodak, in Woolworth's Rx Place deep discount store on Long Island, New York.

*Continued from page 72*

ample, provoked an outcry from environmental groups.

Either way, environmental concerns figured into many of suppliers' booth presentations at the PMA's annual convention this year.

The latest film manufacturer to go public with a major environmental commitment is Polaroid Corp., which in April released a lengthy report detailing its efforts to improve its earth-friendly performance.

Among Polaroid's programs: a two-year-old Toxic Use and Waste Reduction program; a $50 million, five-year program to keep facilities and equipment in compliance with changing regulations; creation of a new Marketing Environmental Group Advisory Board and a new management post to focus on packaging and post-consumer waste; a new Polaroid Waste Reduction University; and an Earth Day forum at which senior managers updated their progress in meeting waste reduction goals.

"Our priorities are to use less packaging in the first place and to make our packaging as environmentally sound as possible," said Brian Bigler, senior packaging engineer for Polaroid.

The supplier of instant film and imaging techniques isn't alone in its "green" efforts. Kodak has been a leader with a multipronged effort. Last May Kodak announced plans to switch to recycled paperboard for its consumer film packaging, and to recycle both single-use cameras and the plastic and metal parts of 35mm, 110 and 126 film cassettes. More recently, the company switched to recyclable plastic packaging on its Ektar film line.

Kodak has also created Kodak Imaging Environmental Support Services (KIESS), as well as new EPA and OSHA compliance kits for minilabs and developers. More earth-friendly chemicals have also been developed for Kodak's Ektacolor RA 100 minilab.

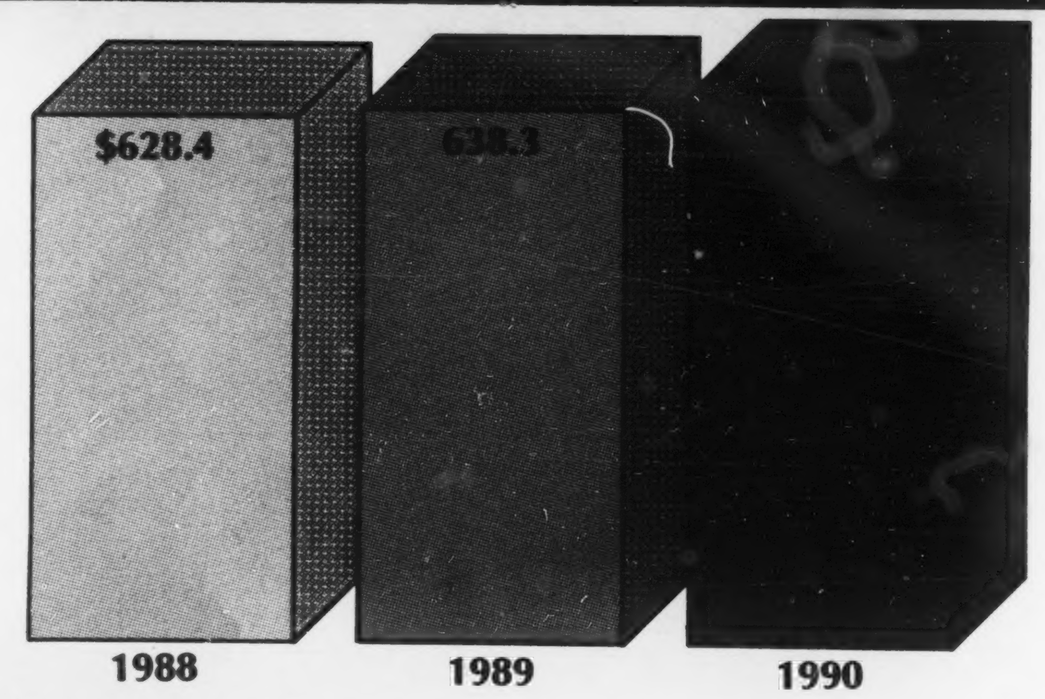
Fuji has kicked off a round of recycling and waste disposal efforts of its own, beginning with its disposable cameras. Fuji reimburses photofinishers for each Quicksnap sent to collection centers in New Jersey and California, and highlights the program on packaging.

In addition, Fuji has created a new assistance program on the handling and disposal of photographic chemicals.

Agfa Corp., meanwhile, has rolled out more earth-friendly chemicals and a new program to assist labs with conservation efforts, called Environmental Awareness and Response That Helps (E.A.R.T.H.).

**User upgrades in 35mm film drive dollar sales . . .***

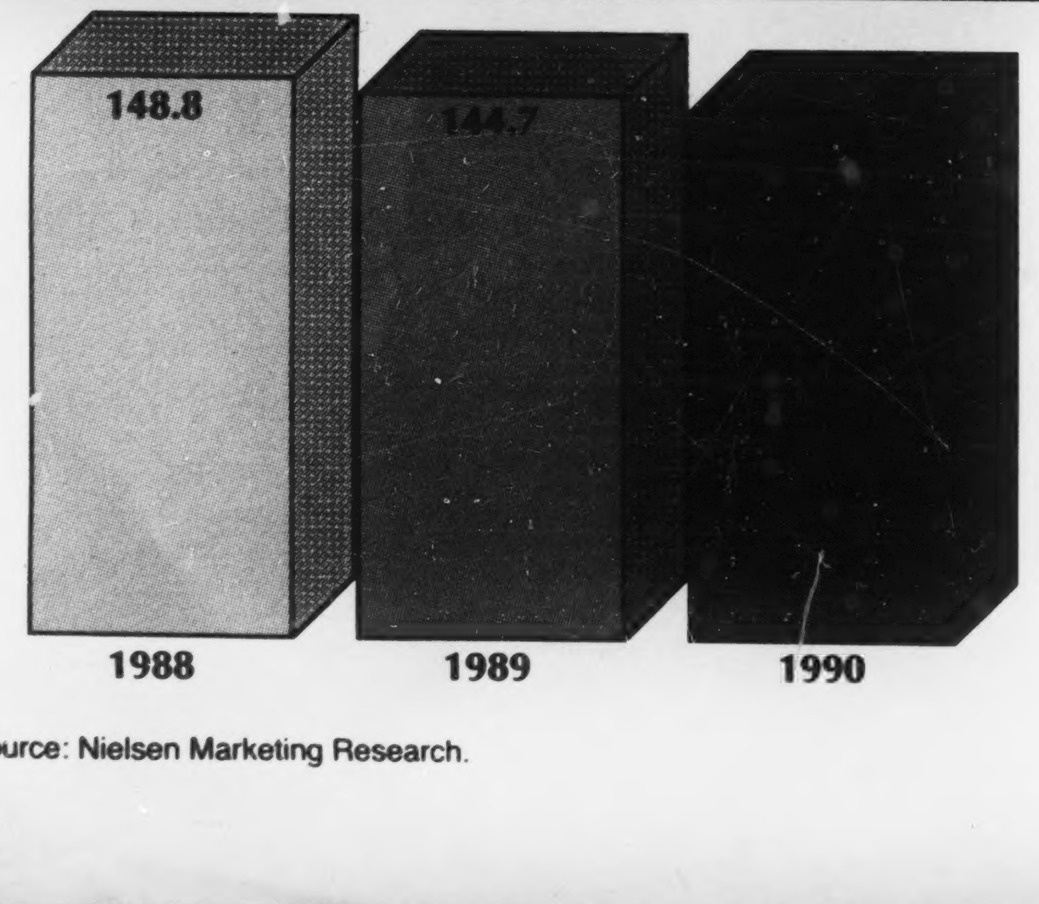
(Dollars in millions)



*Includes chains, deep discount drug stores and independents.
Source: Nielsen Marketing Research.

**. . . as unit sales slip**

(Film unit sales in millions)



Source: Nielsen Marketing Research.

## Drug chains test on-site photo processing

The new generation of ultra-compact "micro labs," which are said to be easy-to-use, is stirring up the film developing market and potentially opening new opportunities for chain drug photofinishers.

Mini labs, micro labs' larger relatives, meanwhile, have helped some drug chains maintain market share in competitive markets by expanding the options they can offer customers. The retailer benefits with higher-margin sales in the niche of quick film developing. Yet, the supermarket and discount chains have also installed mini labs.

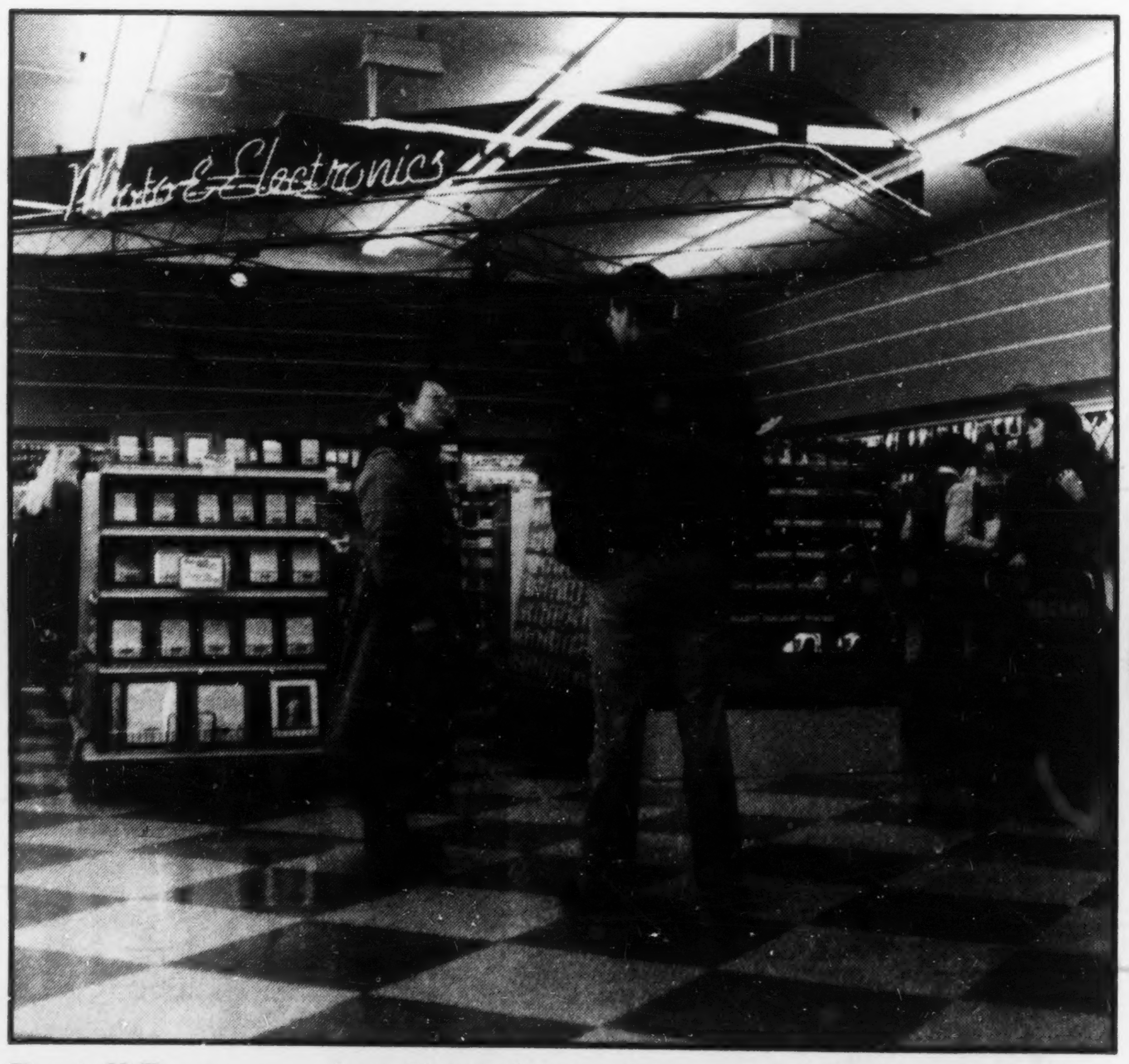
Drug chains are feeling more competition from chains including Kroger, Wal-Mart, Randall's and Safeway, all of which are adding on-site labs at a rapid pace. What's more, the combos, discounters and deep-discounters often have the space in newer prototype stores to build full-fledged photo departments. These can have a "store within a store" ambiance that helps underline the retailer's commitment and signals quality service.

Combo stores and discounters as a result have achieved rapid growth in photoprocessing and film market share, while drug chains' growth in the categories has moderated. Mini labs can indeed be a double-edged sword.

Wholesalers like Qualex are moving into "on site" processing. Qualex will market a "micro-lab" to its wholesale customers, recognizing that demand for same-day photo finishing is here to stay.

Several drug chains are also testing micro labs, which combine into one box film development and printing. Suppliers including Print Technology-/PhotoGo, Noritsu, and Greytag, have built systems with small footprints and that are easy to use.

Perry, F&M, and Revco are among chains who have tested the micros. Longs, meanwhile, has signaled it will expand testing of its on-site photo development program.



Bartell Drugs merchandises picture frames in the photo and electronics department in this Seattle store.

# Heavy chain promotion makes powerful battery sales

The drug chain channel saw sales growth in batteries of about one percent in 1990, as battery sales leveled off after years of strong growth. Yet with projected unit sales growth of two percent to three percent for the next several years, batteries should continue to be a major profit source.

Home owners and families need them as much or more than ever, batteries allow effective cross merchandising, and provide a value for the consumer with maximum profit yield for the retailer.

Though shrink-wrapped product by Eveready and Rayovac, conserving space, convinced some drug chains to post displays at the checkout, other chains find that new space for battery displays has been hard to find. Multi-sided end cap racks have worked well in exposing the energy cells for impulse purchase.

Duracell and Eveready have moved well set on wing wrap and end cap displays in the summer months at Crown Drug, says buyer Mike Gentry.

Wellby in Maine places batteries on prominently-placed end caps and secondary spinner displays as the stores have recognized the advantage of multiple merchandising locations, said gm-buyer Carl McDonald.

"We're using power wings for batteries up front, and clip strips over the toy area, placing batteries by any toy that's battery operated," said buyer Jerry Houghton at Kinney, a chain that emphasizes toys.

Rite Aid has posted "stable" sales with its Rite Aid private label line accounting for about 35 percent of its battery SKUs. Eveready and Duracell round out the assortment. "Manufacturers haven't come up with any new toys or electrical gadgets," said spokesperson Amy Lilly.

Kodak appears to be losing drug chain shelf space, after having dropped its national advertising and merchandising support last year. Kinney dropped them when the advertising nose dive slammed sales. Wellby also cancelled its Kodak account to favor Eveready, Duracell and its private label line.

"It's difficult to sell a product that's struggling against the two name brands, without any ad support," said Wellby's McDonald.

Duracell's and Eveready's rebating to consumers will continue hot and heavy this summer. Most drug chains wait for the fourth quarter to spring their promotions.

Its a period when sales will jump 119 percent with an ad, 122 percent with off-shelf display, and 164 percent with the two strategies combined, says Gary Baker, Eveready's, vp trade development.

> *Home-owners and families need them as much or more than ever.*

*Battery unit growth*

(Drug store unit sales in millions)

| Year | Units |
|---|---|
| 1990 | 438.3 |
| 1989 | 447.8 |
| 1988 | 435.4 |

Source: Nielsen Marketing Research.

*Drug chain battery growth*

(Drug store sales in millions of dollars)

| Year | Sales |
|---|---|
| 1990 | $410.8 |
| 1989 | 410.1 |
| 1988 | 394.6 |

Source: Nielsen Marketing Research.

**Batteries and flashlights receive maximum front-of-store exposure in Austin Drugs.**

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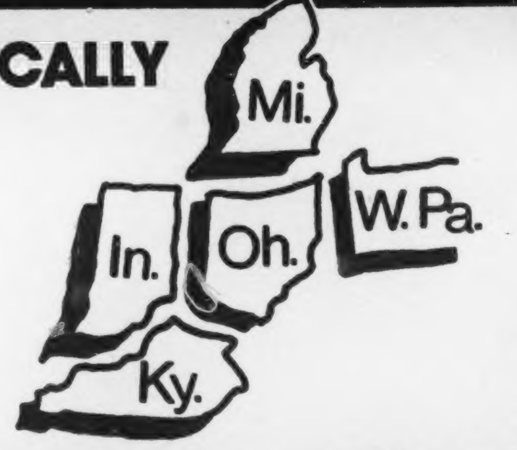

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# DRUG STORE NEWS®

for the PHARMACIST

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## NEWS FOCUS

- For years now, FDA has taken a hard line on sunscreen products, maintaining that there is no extra benefit to those with "Sun Protection Factors" (SPFs) above 15. That line appears to be softening, however, and officials at the agency's Division of OTC Drug Evaluation are indicating that FDA now sees a role for sunscreens with SPFs as high as 30.
- Seems like pharmacy's ethical standards are changing faster than they used to. In the 100 years following the adoption of APhA's Code of Ethics in 1852, it was revised only once. Over the last 40 years the APhA code has been updated four times (1952, 1968, 1975 and 1981) and now the association has decided "it is appropriate to review the code once again" in light of "the evolving mission of pharmacy and the changing health care environment." Pharmacists are being asked to suggest possible code changes to APhA.

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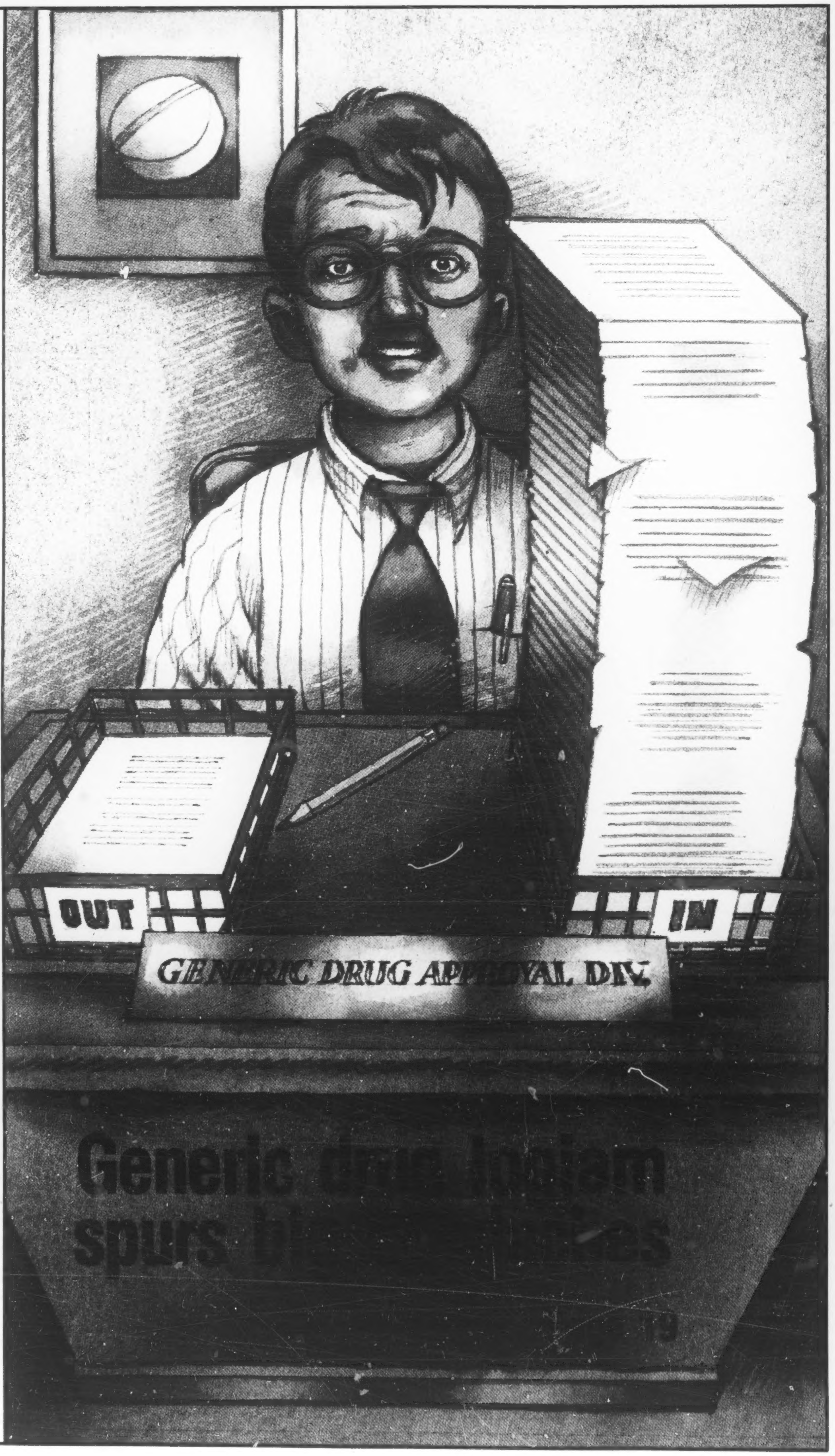

Generic drug logjam spurs b[illegible]es

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# In Beeville, Tex., independents get stung

By Elizabeth Richardson

In downtown Beeville, Tex., the economic crunch is being felt as two out of three drug stores at the town's main intersection—the Rexall at the far left corner and Conoly at the far right—now stand empty.

BEEVILLE, TX. — Some things in Beeville aren't buzzing as they used to.

Independent pharmacy, in this town 90 miles south of San Antonio, is close to being obsolete. Just six short years ago, six independents served a population of 15,000. Three have shut down since January. Only two have survived the latest forces to hit the market. And more trouble is on the way.

Beeville has seen many indications of trouble over the last several years forshadowing the current state of affairs.

Within the last 10 years, two chains have emerged on the scene—Eckerd and H.E.Butt, the regional combo store operator. Each has offered cheaper prices than Beeville residents had previously seen. In addition, Kmart and Wal-Mart have moved in. The two discounters currently don't have pharmacies. Yet over 30 businesses closed after their arrival, including "mom and pop" businesses, and hardware, lumber, auto and clothing store retailers.

Meantime, the local economy has suffered. The declining oil economy of the mid-1980s, and recent crop failures from drought and flooding have battered farming and ranching, the region's predominant industries.

The area's naval base, Chase Field, is being closed. Chase Field has employed 2,250 people, or 35 percent of the county's jobs.

Although the state is building a maximum security prison in the area—slated to open in late 1992—not all of the jobs lost from the naval base can be replaced.

"All of these factors have been very devastating to the community," says Bill Morgan, a former independent pharmacist who just moved to Eckerd. Morgan shut down his store this month after 28 years of business.

"Pharmacy trends haven't helped a lot either. Just four years ago, I was thriving, with third party having four percent of my business. Right before I closed it was over thirty-five percent. Reduced rates, slow pay, and restricted cash flow don't promote a healthy business," said Morgan.

Some businesses, meanwhile, (a local pipeline transmission company, for one) have moved to mail order prescription plans.

These dynamics taken together have pressured independents to bring their often long business histories to a close.

The main intersection downtown saw a flurry of recent foldings. In January there were three pharmacies. One closed, at a site that had housed a pharmacy for 98 years. In May, Morgan's store closed, leaving but one survivor at the crossroads, run by Schulz and Wroten, Inc.

Personal dreams collapsed with the businesses. Morgan was forced to withdraw this spring from a campaign for president of the state's pharmacy association. Due to his store's somewhat sour business propects, his partner pulled out and went to work for H.E.B.

"Suddenly putting in a 60-hour work week at the age of 52 was a strain, to say the least. With that kind of schedule, I just could not function in a TPA office capacity."

Morgan feels that many smaller independents in economically-strapped towns will probably end up employed at chains as he is.

"After I got out pharmacy school, all of the trade magazines were saying that the corner neighborhood store was a thing of the past. And now that's really happening. Most of us are being bought out by the chains.

"I've worked in a pharmacy setting for 38 years—since I was in the eighth grade—and I've never felt more like a dinosaur than I do now."

*Texas indys lose some ground*
*Number of Texas independents*

| Year | No. of Independents |
|---|---|
| 1991 (May 1) | 1,920 |
| 1985 | 2,199 |
| 1980 | 2,251 |

Source: Texas State Board of Pharmacy.

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# Generic drugs grow stronger after hardship, survey says

NEW YORK — There are strong indications in the latest Generic Drug Substitution Study that the underlying strength of the generic drug industry is proving to be the catalyst for strong and growing retail confidence in the industry's products.

The 1991 study conducted by *Drug Store News for The Pharmacist* covers mailed replies from pharmacy directors representing some 3,000 pharmacies operating by drug chains, supermarkets and mass merchandisers.

The study shows that the directors are much more positive about the generic companies that came through the 1989 scandals untarnished. As one director put it: "We still have a high level of confidence in the generic manufacturers we buy from."

Wrote another: "We were tentative at first. We're more positive now."

Indeed the study shows that the large majority of the chains in the sample have increased their purchases of generic drugs in response to growing demand from consumers, physicians and third-party payors. Asked about the trend in generic prescriptions, more than three-quarters of the respondents (78 percent) said the number had increased, while 22 percent said it had remained the same. No one reported a decline.

In comparison, 17 percent of the respondents to last year's survey reported a decline in generic prescriptions.

One reason for the growth, of course, is that physicians have been writing more prescriptions either generically or substitution permitted. The study showed a small increase in both generic and substitution-permitted prescriptions and a small decline in brand-only scripts.

Asked tc rate the key factors in deciding to substitute a generic, pharmacy directors

*Continued on page 29*

## Physicians write more generic prescriptions

(Percent of current prescriptions vs. 1990)

| How written | Now | 1990 |
|---|---|---|
| Generically | 20.0% | 17.6% |
| Brand only | 17.9 | 19.6 |
| Brand/substitution permitted | 32.3 | 31.7 |
| Single source drug only | 29.7 | 31.1 |

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

## How generic substitution is promoted

(Pharmacy directors rank promotion vehicles)

1. **Pharmacist recommendations**
2. **In-store signs**
3. **In-store brochures**
4. **Newspaper ads**
5. **Promotions on prescription bags**
6. **Radio**

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

## Pharmacy directors answer key questions on generics

| | Yes | No |
|---|---|---|
| **Do you encourage pharmacists to substitute a generic, when permitted, if a brand is written?** | 91% | 9% |
| **Do you offer monetary incentives to your pharmacists for substituting generics?** | 19 | 81 |
| **Is generic substitution promoted to customers in your stores?** | 91 | 9 |
| **Do you think the influx of generic drugs has financially hurt innovative drug manufacturers from performing R&D?** | 4 | 96 |
| **Would you personally take a generic drug over a branded one if it were available?** | 91 | 0* |

***9% indicated "sometimes"**

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

## Pharmacy directors rank branded drugs substituted most often

1. **Tylenol w/Codeine #3**
2. **Amoxil**
3. **Darvocet-N 100**
4. **Motrin**
5. **Vicodin**
6. **Keflex**
7. **Diazide**

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

# After hardship, generic drugs grow stronger

*Continued from page 26*

ranked cost savings to the consumer as number one. Third-party and state requirements came next, followed by patient requests and profitability of generic products.

Pharmacy directors were asked to rank the reasons for choosing one generic company over another. Leading the list of factors, not surprisingly, was the therapeutic bioequivalent quality of the drug. Service provided by the company came next, following by the professional reputation of the generic company and the availability of generic products from the companies.

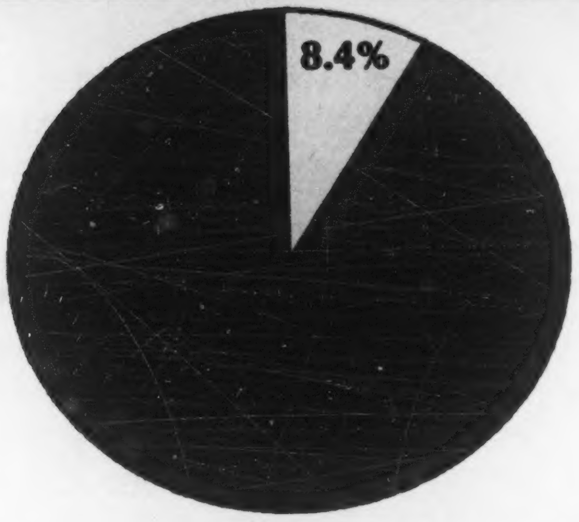
The overwhelming majority (96 percent) of the directors said they encourage their pharmacists to consult with patients on generic subsitution. On average, they estimated, pharmacists spend almost one hour a day (or about 8-9 percent of their time) consulting on generics.

Most directors also said generic substitution is promoted to customers in their stores. The biggest promotion vehicle: pharmacists themselves. Other methods of promotion they listed included in-store signs and brochures, newspaper ads, and prescription bag promos.

Directors were asked if they thought the influx of generics had any effect on research and development of the brand-name drug manufacturers. More than nine in ten respondents said no. “New products continue to be marketed,” noted one director, “and the innovative manufacturers continue to be profitable.”

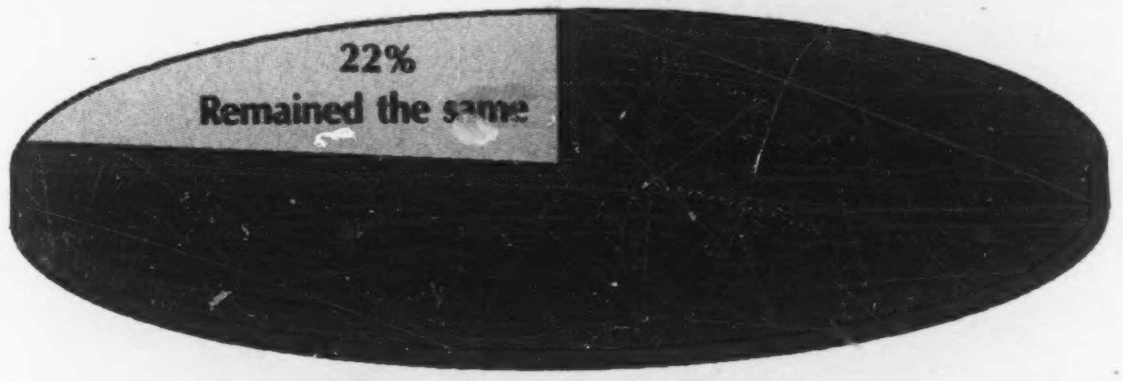
In an “acid-test” question, the directors were queried on whether they personally would take a generic drug over a branded one if it were available. Nine out of 10 respondents said they would. The remainder were a bit more cautious. They said “sometimes.” ☐

**Percentage of pharmacists' average day spent consulting on generics**



Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

**Generic prescription growth**
(Trend in generic prescription count in past year)



Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

**Key factors in decision to substitute generics**
(Pharmacy directors rank factors in order of importance)

1. **Cost savings to the consumer**
2. **Third-party or state requirement**
3. **Patient requests**
4. **Profitability of generics**
5. **Store/company policy**
6. **Rebates/other incentives**

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

**Why pharmacists choose one generic company's drug over another's**
(Pharmacy directors rank qualities in order of importance)

1. **Therapeutic/bioequivalent quality of drug**
2. **Service provided by company**
3. **Professional reputation of generic company**
4. **Product availability**

(Other mentions: price, company policy, consistency)

Source: *Drug Store News/For the Pharmacist* 1991 Generic Substitution Study

> *Most directors said substitution is promoted to customers in their stores. The biggest promotion vehicle: the pharmacists themselves.*